



Daily Report

China

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Monday
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CONTENTS

29 February 1988

INTERNATIONAL AFFAIRS

General

EC Moves To 'Defuse Tension' Over Xizang	1
Commentary on Upcoming NATO Summit	1
Survey Conducted on Disarmament, Soviet Reform	2
Roundup on Meeting of Mexican, U.S. Presidents [RENMIN RIBAO 20 Feb]	2
Asian Parliamentarians To Discuss Population	3
SRV 'Trying To Appear More Flexible' on MIA's	3

United States & Canada

Trends in U.S. Trade in 1988 'Encouraging' [CHINA DAILY (BUSINESS WEEKLY) 29 Feb]	3
Roundup: U.S. Urges Asia To Protect Patents	4

Soviet Union

Spokesman Questions Gromyko Recollection of Visit	5
USSR's Yazov on Troop Reduction Along Border	5
TV Reports 'Massive Demonstrations' in Armenia	5

Northeast Asia

Japan's Watanabe Retacts Remark, Apologizes	6
DPRK Call for Socialist Construction Noted [RENMIN RIBAO 23 Feb]	6

Southeast Asia & Pacific

U.S. Proposal for Philippine Bases Reported	6
Demonstrators in Manila Demand End to U.S. Bases	7
Thailand, Laos, To Postpone Border Conflict Talks	7

Near East & South Asia

CPC Delegation Meets With YAR Officials	8
Afghan Provisional Government Plan Reported [RENMIN RIBAO 25 Feb]	8
Outgoing Nepalese Consul General Received	8

Sub-Saharan Africa

Zambia's Kaunda Arrives for 5-Day Visit	9
Talks With Li Xiannian	9
Meets Li Peng	9

West Europe

Britons Allowed Compensation for Pre-1949 Losses	10
San Marino Leaders Leave Beijing for Xian	10

NATIONAL AFFAIRS

Zhao Interviewed by Japanese Newspaper	11
On Leadership, Coastal Zones	11
Zhao on Soviet Relations	11
Zhao on Foreign Relations	12
RENMIN RIBAO Report [28 Feb]	13
AFP Reviews Interview	14
CPC Central Committee To Hold March Session [Hong Kong WEN WEI PO 27 Feb]	14
WEN WEI PAO Notes New Features of NPC Session [Hong Kong 29 Feb]	15
Nuclear Industry Ushers in New Era	15
Tian Jiyun Speech on Helping Poor Areas	16
CPC Establishes Center on Political Reforms	19
Du Runsheng Remains Head of Renamed Center	20
Xizang's Religious Leader Banqen Said Married [Hong Kong MING PAO 25 Feb]	20
Deng Xiaoping Picture Album Published	20
Includes Thoughts on Mao	21
Zhou Enlai Memorial Books To Go on Sale 5 Mar	21
Li Xiannian Writes Preface	22
Meeting on Handling People's Petitions Held	22
Consultation, Dialogue Principles Discussed [RENMIN RIBAO 12 Feb]	24
Paper Views Understanding of 'History Makers' [RENMIN RIBAO 22 Feb]	26
UNITY JOURNAL Discusses Political Reform [CHINA DAILY 29 Feb]	27
Zhao Ziyang Stresses Prosperity, Honesty	27
Wang Renzhong Urges Economic Stability, Reforms	28
Leaders Attend Memorial Service, Send Wreaths	29
Beijing Opens First Citywide Labor Exchange [Hong Kong SOUTH CHINA MORNING POST 29 Feb] ..	29
Paper Says 'Annexing' Firms Helps Economy [CHINA DAILY 29 Feb]	30
Foreign Debt Payment Issue Discussed	31
XINHUA Commentary on Economic Communique	31
Commentary Discusses Statistics Communique	32
Commentator Urges Curbing Group Purchasing [RENMIN RIBAO 25 Feb]	34
Article Reviews 1987 Economic Situation [RENMIN RIBAO 15 Feb]	34
Law of Value in Initial Stage of Socialism [JINGJI RIBAO 4 Feb]	37
Contracted Enterprise Management Discussed [LIAOWANG 8 Feb]	40
Minister Urges Better Spring Plowing	42
Comparison of Communique on 1987 Statistics	42

REGIONAL AFFAIRS

East Region

Xiamen Plans for Continued Rapid Development	44
Jiangxi Official Views Trade Competition [CHINA DAILY 29 Feb]	44
Shandong Secretary Meets With Businessman	45
Shandong Secretary Attends Trade Reception	45
Shanghai To Pay Fixed Tax to State	45
[CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) 29 Feb]	45
Shanghai Bank Authorized To Borrow Overseas	46

Central-South Region

Guangdong Government Arranges Work Guidelines	46
Shenzhen Plans Electronics 'Industrial Estate'	47
[Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 27 Feb]	47
Guangxi Meeting Sets Agricultural Tasks	47
CPC Appoints Hainan Leaders to Work Committee	49
Committee Explains Guidelines	49
Committee Secretary Gives Speech	49

Henan Survey Highlights Farming Shortages	49
Henan To Check on Foreign Economic Contracts	50
Hubei Faces Population, Land Problems	51
Urges Family Planning	51

Southwest Region

Chengdu City To Abolish Pork Rationing	51
Xizang Divided Over Great Prayer Festival [AFP]	52
Secretary Discusses Festival	53
Ceremony Proceeds Smoothly	53
Tibetan Intellectual Discusses Future [AFP]	53
Yunnan Makes Efforts To Open to Outside World	
CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) 29 Feb]	54

North Region

Beijing Launches Citywide Hepatitis Inspection	55
Tianjin Seeks Feedback From Joint Ventures	55

PRC MEDIA ON TAIWAN AFFAIRS

Taiwan Invited To Attend University Games [CHINA DAILY 29 Feb]	56
Qiao Shi, Yan Mingfu at Taiwan Compatriots Congress	56

TAIWAN

Yu Meets With ROK's No Tae-u in Seoul 26 Feb	57
Says No Trade With N. Korea, USSR [Seoul YONHAP]	57
Vice Premier Cited on Hong Kong-Mainland Trade	
[Hong Kong SOUTH CHINA MORNING POST]	57
Economic Minister Cited on Easing Imports From PRC	58
Trade Officials Urge Trade With Socialist Nations [CHINA POST 23 Feb]	58
Cabinet Recommends Agriculture, Labor Ministries	58
Uranium Fuel Supply Sufficient Thru 1990	58

General

EC Moves To 'Defuse Tension' Over Xizang *OW270747 Beijing XINHUA in English 0151 GMT* 27 Feb 88

["European Parliament Acts To Smooth China Relations"—XINHUA headline]

[Text] Brussels, February 26 (XINHUA)—Leaders of the European Parliament (EP) have adopted a resolution underlining the vital importance of European Community (EC) relations with China, community sources said here today.

According to EUROPE, a Brussels-Luxembourg-based news agency that specializes in coverage of EC affairs, the parliament's enlarged bureau passed the resolution to "defuse tension in relations with China" caused by the EP's adoption last October of an emergency resolution on the situation in Tibet.

China regarded last fall's EP resolution on Tibet a violation of its sovereignty and interference in its internal affairs. China also called off a visit of the Chinese National People's Congress to the EP, EUROPE reported.

At the same time, Lady Elles, a British Conservative member of the European Parliament, invited the exiled Tibetan leader, the Dalai Lama, to visit the European Parliament but purely on her "personal initiative," EUROPE reported.

The enlarged bureau of the parliament, a powerful organ composed of president, vice-president and leaders of different parliamentary political groups, said in the new resolution that it "deplores any attempt to upset harmonious and friendly relations between the parliament and China."

The resolution said the president and the enlarged bureau are responsible for the EP's external relations and it said the parliament "has not invited the Dalai Lama to pay it an official visit."

"Tibet is part of China," the resolution said. "Relations between the community and China must be based on respect for and mutual recognition of the two parties' territories, their independence and sovereignty," it stressed.

Commentary on Upcoming NATO Summit *OW281223 Beijing XINHUA in English 1318 GMT* 27 Feb 88

["Commentary: A Look at NATO Summit (By Liu Yongsheng)"—XINHUA headline]

[Text] Brussels, February 26 (XINHUA)—The upcoming NATO summit in early March will hold the political spotlight in Europe and the world as government leaders

of NATO countries prepare for the next round of the U.S.-Soviet summit and try to smooth out differences in their approach to problems cropping up in the post-INF treaty period.

Chief among the problems are NATO's defense strategy, the updating of its tactical nuclear arms and conventional weapons and European-U.S. defense links.

With the initial euphoria over the INF treaty fading, West European nations have become increasingly wary of the threat posed against them by the Warsaw Pact's apparently superior conventional forces, as much as by Soviet short-range nuclear arms.

Western Europe is expected to call on the United States for close consultations before any new arms deals are struck with the Soviet Union in the next round of talks between the two superpowers.

On the other hand, West European nations fear a "decoupling" of European-U.S. defense, since the intermediate nuclear force to be removed under the INF treaty forms the core of their joint defense. Last year, U.S. Secretary of State George Shultz called on its West European allies to beef up their own defense. He was joined this month by U.S. Defense Secretary Frank Carlucci who asked Federal Germany to update its tactical nuclear weapons, even going so far as to threaten a pull-out of U.S. troops stationed in Europe.

While trying to keep the U.S. presence in Europe under the new situation after the signing of the INF treaty, West European nations are determined to strengthen military cooperation among themselves to patch the holes appearing in the U.S. nuclear umbrella.

They acted only one week after the INF treaty was signed, with Britain and France, the two nuclear countries of NATO, announcing good progress in joint development of air-born cruise missiles, along with plans to join efforts in developing other nuclear weapons. This was followed soon after by the announcement that Federal Germany and France have set up a joint defense security council to plan unified military cooperation, including a mixed brigade of the two countries to be formed in the second half of this year.

Still, differences of opinion over defense issues have cropped up among the West European nations.

Federal Germany, fearing that it could become the primary target of any Warsaw Pact attack since most of the short-range missiles are concentrated on its soil once the medium-range missiles are removed under the INF treaty, is against a third zero option. Neither does it favor a renewal of short-range missiles on its soil.

This runs counter to the stand taken by the United States and other West European allies who have urged an updating of the short-range missiles to maintain an effective nuclear deterrent force for NATO.

NATO allies are also divided over the sequence in arms control talks, with Federal Germany urging a "flexible negotiating stand" on short-range missiles to bring about an early reduction of such missiles to a minimum level. Other allies give the priority to conventional and chemical weapons in the next round of arms control talks with the Soviet Union.

Furthermore, Britain and some other NATO member countries took exception to the Franco-Federal German cooperation in defense as a violation of NATO's principle of acting in concert and increasing the danger of a "de-coupling" of U.S.-European defense.

On the eve of the summit, there has been a series of contacts between leaders of NATO member countries for an exchange of views. British Prime Minister Margaret Thatcher went to NATO headquarters here specifically to elaborate her views on NATO defense. U.S. President Ronald Reagan, in a televised speech across the Atlantic, reaffirmed the U.S. commitment to West Europe's defense.

In the altered situation after the INF treaty the questions arise—how will NATO adjust to the new situation, to what extent will the United States succeed in alleviating West Europe's fears, and how successful will the NATO nations be in ironing out their differences on defense issues?

All these questions will be highlighted at the forthcoming summit.

Survey Conducted on Disarmament, Soviet Reform
OW280352 Beijing XINHUA in English 0226 GMT
28 Feb 88

[Text] Beijing, February 28 (XINHUA)—The majority of Chinese citizens are against the arms race between the United States and the Soviet Union, according to a survey conducted by the China social survey system, "BEIJING REVIEW" reports in its latest issue.

Last year, the system surveyed 2,576 people in selected cities on the issues of disarmament, the center of world civilization and reform in the Soviet Union.

More than 65 percent of those surveyed gave an affirmative answer to the view that the arms race between the two superpowers is the major threat to world peace and disarmament and the destruction of nuclear weapons should be called for. Those who gave a negative answer accounted for 3.5 percent, and the rest said they were uncertain or gave no answer.

With regard to the question whether the center of world civilization will be shifted to the Pacific areas in the next century, 63.3 percent said they were uncertain or gave no answer, 32.3 percent said "yes" and 4.5 percent "no".

About 50 percent of those surveyed were unaware of the reforms being carried out by the Soviet Union, China's biggest neighbor, 28.4 percent approved of the Soviet Union's reforms, and only 2.4 percent disapproved.

Roundup on Meeting of Mexican, U.S. Presidents
HK270624 Beijing RENMIN RIBAO in Chinese
20 Feb 88 p 6

["Roundup" by RENMIN RIBAO reporter Guo Weicheng (67530251 2052): "Unanimity as Well as Differences—The Sixth Meeting of the Mexican and U.S. Presidents"]

[Text] On 13 February, President Reagan met Mexican President De la Madrid in Mazatlan, Mexico. This was the sixth meeting of the Mexican and U.S. Presidents during their terms of office. As both countries will hold their general elections this year, this was their last meeting. In the meeting, both countries affirmed their cooperative relationship and the successes resulting therefrom, particularly the assistance given by the United States in converting Mexico's debts into bonds. They indicated that they will pass on the present and future cooperation as an inheritance to the next governments of both countries

What arouses people's attention is that along with bilateral cooperation, there are problems between them: They are mainly the international smuggling of drugs, migration, trade protectionism, and their differences of opinion on the question of peace in Central America. These are the long-standing knotty problems faced by the two governments. Drug addiction is very serious in the United States. The United States considers Mexico, which shares a 3,000-km border with it, to be the main channel for the drugs imported into the United States, and has repeatedly accused Mexico of ineffective investigation and banning of drugs. However, Mexico also has its difficulties. During the 5-year tenure of President De la Madrid, the Mexican Army has spent \$200 million in fighting the smuggling of drugs. De la Madrid pointed out that the fight against the smuggling of drugs is an international struggle, and requested cooperation from other countries; and said this problem should be solved at various links, such as the production, distribution, and consumption of drugs. Since the United States is the largest drug market in the world, it attracts drug smugglers from various countries. Mexico is thus badly harmed.

On the question of migration, President Reagan said that the new U.S. immigration laws had given legal status to about 1 million illegal immigrants, the majority of whom are Mexicans. However, according to estimates, there are about 3 million to 5 million illegal Mexican immigrants

living and working in the United States; and every day there are large numbers of people trying to cross the border illegally and enter the United States. Mexican immigrants in the United States remit about \$1 billion in earnings to Mexico every year, the fourth largest source of the country's overseas income. Because of this, Mexico always actively requests the United States to handle justly the human rights and labor rights of laborers.

The question of whether Mexico will join the U.S.-Canadian Free Trade System (the North American common market) was also discussed in this meeting. Some public opinion in Mexico points out that if Mexico joins the North American common market, Mexico will be reliant economically on advanced countries. It will be of practical benefit for the United States to abandon trade protectionism, and promote trade with Mexico. The Mexican foreign affairs secretary indicated after the meeting that Mexico will not join the North American common market. The divergences of opinion between the two countries on Central American questions are known to everybody.

However, all these divergences have not obstructed the cooperation between Mexico and the United States in various fields. Mexico provides significant security and economic interests to the United States. On the other hand, the United States also has a decisive influence on Mexico. There are mutual needs and demands between them. This phenomenon of unanimity as well as differences between Mexico and the United States will last for a long time.

Asian Parliamentarians To Discuss Population
OW280441 Beijing XINHUA in English 1656 GMT
27 Feb 88

[Text] Beijing, February 27 (XINHUA)—The Fourth Asian Parliamentarians Conference on Population and Development will be held in Malaysia from Monday [29 February], according to a report from Kuala Lumpur today.

Over 50 officials from 16 countries including Japan, India, China, Iraq, Australia and New Zealand will meet for three days to discuss various issues on population in Asia, a statement from the local parliament office said.

The parliamentarians group was organized in Beijing in 1984 with the aim of dealing with population and development problems in Asia.

SRV 'Trying To Appear More Flexible' on MIA's
OW270832 Beijing XINHUA in English 0659 GMT
27 Feb 88

[Text] Washington, February 26 (XINHUA)—The Vietnamese Government will turn over the remains of 20 American military men missing in the Vietnam War to the United States next week, the Pentagon said today.

A Pentagon statement said the remains will be delivered to U.S. military officials in Hanoi on March 2 and transported to the Army Central Identification Laboratory in Hawaii for identification.

"The U.S. Government appreciates the initiative taken by Vietnam to repatriate these remains and hopes it represents just one of many continued steps to resolve this long-standing humanitarian issue," the Pentagon statement said.

The return is said to be an outgrowth of a four-day visit of a U.S. technical team to Hanoi in late January.

In the absence of official government-to-government relations with the United States, Vietnam is reportedly trying to appear more flexible to the United States on the issue of missing U.S. servicemen that still divides the two countries.

There are currently 2,404 Americans still listed as missing in Indochina as a result of the Vietnam War, of whom 1,767 are listed as missing in Vietnam. The remains of 152 Americans have been repatriated to the United States since the end of the war in 1975.

United States & Canada

Trends in U.S. Trade in 1988 'Encouraging'
HK290426 Beijing CHINA DAILY (BUSINESS
WEEKLY SUPPLEMENT) in English
29 Feb 88 p 4

[By correspondent Rosie Wu]

[Text] New York—Trends in Sino-United States trade in late 1987 were encouraging for 1988, says Roger Sullivan, president of the Washington-based National Council for U.S.-China Trade.

U.S. exports to China grew every month, and China's worldwide balance of payments had a surplus in mid 1987 for the first time since 1984.

"Chinese planners can now be expected to relax restrictions on imports—particularly imports for industry," Sullivan said in his annual report to member companies.

Total annual trade between the United States and China would top \$10 billion in 1987 for the first time, he said. Most of the growth would be in Chinese exports to the United States, which would be between \$6.5 and \$7 billion, up more than 20 per cent over the 1986 record of \$5.2 billion.

Led by agricultural sales, U.S. exports to China began to accelerate in late 1987. For the entire year, they are expected to reach about \$3.5 billion—a 10 per cent increase over the 1986 total of \$3.1 billion.

The U.S. method of calculation differs from China's method, which excludes exports to the U.S. via Hong Kong.

"We anticipate U.S. exports will grow in 1988 in response to China's improved foreign exchange position and the lower value of the dollar vis-a-vis the yen and the mark," he said.

Among China's exports to the United States, textiles and apparel remained predominant, continuing to account for nearly 50 per cent. Particularly impressive are the variety of products that have become large foreign exchange earners, such as toys and baby carriages, footwear, shellfish, vegetables, household equipment and pottery. All scored spectacular increases over the preceding year, with sales of each product exceeding \$50 million.

U.S. machinery exports to China were led by aircraft sales, measuring instruments and computers.

U.S. sales to China of agricultural products and basic industrial materials such as synthetic resins, wood, organic chemicals, wheat, corn, and paperboard significantly increased.

Talking about U.S. capital invested in China last year, Sullivan said 63 new enterprises with U.S. investment were established in the first three quarters, with a total investment of \$394 million. Hellaid that reflected a trend in all foreign investment toward smaller projects, and the majority of them in manufacturing.

Sullivan predicted that for 1988, new U.S. and other foreign investment in China will continue to concentrate in manufacturing, and a major problem will still be balancing foreign exchange.

A channel for the resolution of the problem has been the founding of China's State Council leading group for foreign investment, he said.

Roundup: U.S. Urges Asia To Protect Patents
OW271151 Beijing XINHUA in English 1101 GMT
26 Feb 88

["Roundup: U.S. Urges Asian Economies To Strengthen Protection of Intellectual Property (by Zhao Zijian)"—XINHUA headline]

[Text] Washington, February 25 (XINHUA)—The United States is stepping up efforts to push the Asian economies to strengthen their protection of intellectual properties in the form of patents, trademarks, and copyrights.

Although the U.S. has experienced years of a merchandise trade deficit, it still exports more technology than it imports. Therefore, pushing for the protection of patents and trademarks will benefit those U.S. companies with technology leads in the world.

According to Donald J. Quigg, U.S. commissioner of patents and trademarks, the U.S. Patent Office receives about 137,000 applications each year, up from 107,000 five years ago. More than 65,000 applications come from countries other than the U.S.

However, he said that some countries and regions, including several in Asia, do not properly protect patents and trademarks. For example, he said, some governments allow only short terms for patents and sometimes give different terms to patents in different technical fields. Under such circumstances, Quigg said, companies who hold the patents cannot recoup their research cost.

"Companies will only invest in these ventures if there is an exclusive marketing period which will help them to recoup their resources," he warned.

Many Asian economies import technologies from the industrial world, but some have found that certain technological licenses are costly and lead to higher prices for finished goods. Sometimes new products based on imported technologies are beyond the reach of local people because of the cost of buying patents. That has led to loose implementation of patent and trademark protection in certain economies.

Quigg rejected the notion that protection of foreign patents and trademarks leads to higher prices. He urged Asian economies to learn from the experience of Japan, where he said good protection of intellectual property has led to an upsurge of inventions and made Japan a technological leader.

While the U.S. position is reasonable—because good protection of intellectual properties is to everybody's benefit—the actual practices of the U.S. Government have infuriated certain quarters.

Because the U.S. sees the solution of the problem as a way to improve America's trade position, it often makes hasty decisions in dealing with some of its trading partners.

For example, it reached agreement with Singapore not long ago over the patent and trademark issue, under which Singapore agreed to strengthen its protection in exchange for being able to retain its preferential trading status with the U.S.—Generalized System of Preferences (GSP). However, earlier this month the U.S. decided to remove Singapore, South Korea, Hong Kong and Taiwan, from the GSP list.

A Singaporean official with the ASEAN delegation raised the issue recently while visiting Washington, but was rebuffed by U.S. Secretary of State George Shultz, who bluntly told him that by urging Singapore to adopt strict protection of intellectual property the U.S. actually did Singapore a favor, not the other way around.

The dispute is still unresolved. Today, a Singaporean Embassy official told XINHUA that Singapore does not object to being graduated (or removed) from the GSP, but it wants the graduation to be gradual. Also, the Singapore-U.S. agreement should be honored and the U.S. should have notified Singapore before making the sudden decision.

There is no sign that the U.S. will relent in its push for a global agreement on the intellectual property issue. According to Quigg, the U.S. is trying to push for a "harmonized system," that is, unified protection systems among countries, with certain industrial countries as regional efforts. Quigg said he does not consider the U.S. effort as a violation of the multilateral principle of the coming talks of the General Agreement on Tariffs and Trade.

A Washington law firm yesterday released a major study on the intellectual property issue relating to developing countries and regions. It said piracy sales of goods worldwide amounts to 60 billion dollars a year, among which revenue loss by U.S. companies runs to 25 billion dollars a year, or about 15 percent of the U.S. trade deficit.

The U.S. sees the attempt to get Asian economies to improve their protection of intellectual properties as a major task. And U.S. officials continue to talk with Asian business leaders on the issue. This week, the U.S. patent protection message is being given to Thai officials.

Soviet Union

Spokesman Questions Gromyko Recollection of Visit
OW290946 Beijing XINHUA in English 0923 GMT 29 Feb 88

["Gromyko's Recollection and Related Description Do Not Square With Facts: Foreign Ministry Spokesman"—XINHUA headline]

[Text] Beijing, February 29 (XINHUA)—A Chinese Foreign Ministry spokesman has said here that Andrey Andreyevich Gromyko (then Soviet foreign minister) visited China in 1958. However, his recollection and related description do not square with facts.

The spokesman said this while answering questions raised by journalists. The questions include whether Gromyko visited China in 1958 and whether his recollection of his talks with late Chinese Chairman Mao Zedong is correct.

USSR's Yazov on Troop Reduction Along Border
OW262220 Beijing XINHUA Domestic Service in Chinese 0300 GMT 23 Feb 88

[Text] Moscow, 22 Feb (XINHUA)—Soviet Defense Minister Yazov announced today that missile troops equipped with tactical SS-12 missiles will be withdrawn from the German Democratic Republic and Czechoslovakia starting the end of February, and that the Soviet missiles and launchers to be withdrawn will be sent immediately to sites where it is planned to liquidate them after the ratification of the INF treaty.

Speaking at a Kremlin reception marking the 70th anniversary of the founding of the Soviet Armed Forces, Yazov said his country has not added to its ground forces in the Far East in recent years, and that his country has reduced the number of ground forces stationed along the Soviet-Chinese border, withdrawn some forces from Mongolia, and displayed restraint in conducting military exercises by not increasing their frequency and size. He maintained that the positive changes in Soviet-Chinese relations are an important factor in promoting normalization of the situation in the Asian Pacific region.

While expressing his satisfaction with improvements in the international situation, the Soviet military leader expressed concern with "attempts of the imperialist reactionary clique to nullify the results of the Washington summit" and its "call for accelerating the 'Star Wars' program."

A greetings message from the CPSU Central Committee, the Supreme Soviet Presidium, and the Council of Ministers was read at the reception. The message stressed that the USSR would continue to work hard to maintain the strength of its national defense at a level where imperialists cannot achieve military supremacy.

TV Reports 'Massive Demonstrations' in Armenia
OW281502 Beijing Television Service in Mandarin 1100 GMT 28 Feb 88

[Text] [Video shows announcer reading a news report] The situation in Yerevan, the capital of the Armenian SSR, did not return to normal yesterday. Sources said that massive demonstrations were held there, but no violent conflicts occurred.

[Report over video includes medium shots and closeups of several unidentified individuals and groups in what appears to be a train station; a Soviet soldier is shown passing through a doorway and handing a ticket to a seated woman; several closeups are shown of people

apparently answering a reporter's questions] The demonstrations were held in Yerevan to support the Armenians in the Nagorno-Karabakh Autonomous Region of Azerbaijan, who demand an administrative change making the region a part of Armenia. This demand has been turned down by the CPSU Central Committee. CPSU leader Gorbachev made a speech on 26 February calling on the people of Armenia and Azerbaijan to restrain themselves. However, the situation did not return to tranquility yesterday in Yerevan, the capital of Armenia. Some witnesses said that nearly 1 million Armenians took part in the demonstrations.

Armenians in Moscow also held similar activities. At present, Dolgikh, candidate member of the CPSU Central Committee Politburo, and other high-ranking party officials are in the areas where disturbances occurred to seek ways to restore order.

Northeast Asia

Japan's Watanabe Retacts Remark, Apologizes
OW261638 Beijing XINHUA in English 1524 GMT
26 Feb 88

[Text] Tokyo, February 26 (XINHUA)—Japan's ruling Liberal Democratic Party (LDP) policy board chairman Michio Watanabe apologized today for having slurred China during an election campaign in Osaka.

In a 10-minute campaign speech in Osaka on Wednesday, Watanabe said: "In (China's) Shanxi Province, lots of people are digging holes and are living there. China is a country like that. It is because the politics are not so good."

Meeting reporters at the Diet (Parliament) today, Watanabe said he is taking back the remark while offering an apology. He said he was sorry for making such an impolite reference to a friendly country. He should have shown more respect for China's historical background, expansive territory and the diversity of its people, he added.

Prime Minister Noboru Takeshita, replying to a socialist questioner at a session of the house of representatives budget committee, said he is sure Watanabe is a responsible statesman who attaches great importance to friendship with China.

Watanabe was appointed by Takeshita to his present position as one of the three key party bosses last November.

DPRK Call for Socialist Construction Noted
HK290833 Beijing RENMIN RIBAO in Chinese
23 Feb 88 p 7

[Report by Xu Baokang (1776 1405 1660): "Central Committee of the Workers Party of Korea Calls for New Surge of Socialist Construction To Celebrate the 40th Founding Anniversary of the DPRK"]

[Text] Pyongyang, 22 Feb (RENMIN RIBAO)—According to the Korean paper "NODONG SINMUN," on 20 February a meeting of the Political Bureau of the Workers Party of Korea [WPK] Central Committee was held

under the chairmanship of its general secretary, Kim Il-sung. The meeting discussed the problem of further developing the economy, adopted a letter to all party members from the Party Central Committee and called on all party members and working people to stage a new upsurge in socialist construction to greet the 40th founding anniversary of the DPRK with brilliant successes.

In the letter, the WPK Central Committee called on the whole Korean people to work harder to launch a new surge of construction in the struggle to realize the Third 7-Year Plan, and decided to launch a "200-day fight" drive right now to greet the 40th founding anniversary of the DPRK on 9 September with brilliant achievements. The letter urged all WPK members to take the lead in the "200-day fight" drive.

The letter points out that the main direction of the "200-day fight" should be toward capital construction. Efforts should be concentrated on the construction of such major projects as power stations, coal mines, metal industrial bases and chemical industrial bases, and on guaranteeing the supply of large equipment. While going full steam ahead with capital construction we should develop agriculture on a large scale by building more water conservancy works in the rural areas, and promote other industries and undertakings vigorously, including aquaculture, transport, trade, education, and literature and art.

The letter held that all WPK members should unite more closely around the Party Central Committee to fulfill successfully the "200-day fight" task and stage a new upsurge in socialist construction.

Southeast Asia & Pacific

U.S. Proposal for Philippine Bases Reported
OW280321 Beijing XINHUA in English 1609 GMT
26 Feb 88

[Text] Manila, February 26 (XINHUA)—A five-year 15 billion U.S. dollars compensation package for the United States for extended tenure of its military installations in the Philippines until 1996 was proposed by Congressman Niguel Romero today.

The proposal came in the wake of moves by various anti-American bases groups for the complete dismantling of all U.S. bases in the country, particularly Clark Air Base and Subic Navy Base.

Some of those opposing any move to have an agreement on the continued stay of U.S. bases in the country were from the "nationalist bloc" in the House of Representatives.

The Philippines-U.S. military bases agreement, which expires in 1991, is up for review in April this year.

In his privileged speech today, Romero said five billion U.S. dollars of the proposed amount will go to the Armed Forces of the Philippines (AFP) to boost salaries of soldiers and their auxiliary services and improve the AFP's capability of defending the country.

The remaining 10 billion dollars will be used for development projects initially designed to address the basic food, shelter, clothing and service delivery requirements of those in depressed areas.

Earlier, a resolution was filed in the House requesting the government to fix a 1.2 billion dollars yearly compensation package for the U.S. bases.

Meanwhile, Rep. Florencio Abad, a staunch anti-bases advocate, today said the government should let go of the U.S. bases since they have not helped much in terms of Philippine economic and military stability.

Demonstrators in Manila Demand End to U.S. Bases
*OW281820 Beijing XINHUA in English 1150 GMT
27 Feb 88*

[Text] Manila, February 27 (XINHUA)—Hundreds of workers, farmers, students and people from other sectors today staged a motorcade demonstration along main thoroughfares and in front of the U.S. embassy here to demand the removal of all U.S. military bases in the Philippines.

Riding in scores of motorcycles and jeepneys (mini buses transformed from jeeps), the demonstrators carried flags and streamers bearing the words: Scrap the U.S. Bases.

Prior to the motorcade demonstration, the Campaign for a Sovereign Philippines and the Jose Diokno Foundation, sponsors of the demonstration, gave a press conference attended by a large group of both local and foreign reporters.

In a statement, the two sponsoring organizations said that as the review of the Philippine-U.S. military bases agreement draws near, they called on the government to adopt this position: Remove all U.S. bases, military facilities and troops unconditionally and completely, and immediately abrogate the U.S.-Philippine military assistance agreement.

In an open letter to President Corazon Aquino, the sponsoring organizations said, "The bases are a constant invitation to U.S. interventionism in our internal and external affairs and as long as that interventionism persists, political and economic instability will continue to hound us."

Members of the congress, government officials, public leaders and leaders of mass organizations also attended the press conference.

Senator Wigberto Tanada said at the conference that he would file a bill against the retention of the U.S. military bases in the Philippines.

The Diokno Foundation, formed in memory of former head of the Human Rights Commission Jose Diokno, known as a great nationalist of the Philippines, consists of the Campaign for a Sovereign Philippines, the Nuclear-Free Philippine Coalition, the two-million-strong multi-sector mass organization Bagong Alyansang Makabayan (Bayan), and other organizations.

Later today, the Bayan staged another demonstration in front of the U.S. embassy here to oppose the presence of U.S. military bases in this country.

Thailand, Laos, To Postpone Border Conflict Talks
*OW282028 Beijing XINHUA in English 1515 GMT
28 Feb 88*

[Text] Bangkok, February 28 (XINHUA)—Thai Foreign Minister Sitthi Sawetsila said here today that Thailand and Laos will have to postpone talks on the border conflict until Laos officially replies when it will despatch a delegation to Bangkok.

The talks were expected to start tomorrow as proposed by Thai Prime Minister Prem Tinsulanon in a letter to Kaysone Phomvihane, chairman of the Council of Ministers of Laos, on February 24.

Prem proposed that "negotiation would begin with talks between the ministers of foreign affairs of both countries, with a view to establishing the framework and format of an agreement."

Radio Laos monitored here has reported the acceptance of Prem's letter by Kaysone but did not say whether or when they would send a delegation to Bangkok.

However, a military adviser to the Thai Foreign Ministry said today that there should be no problem to start the talks.

Military leaders of the two countries have held two rounds of talks in Bangkok and Vientiane. The first round brought about a ceasefire between the two countries' forces who had been fighting for the control of an 80-square-kilometer strip between the Thai province of Phitsanulok and the Laotian province of Sayaboury since last November.

The Thai and Laotian military delegations agreed to recommend to their governments to begin political negotiation within 15 days as from February 19, when the ceasefire commenced.

Near East & South Asia

CPC Delegation Meets With YAR Officials

OW270735 Beijing XINHUA in English 0147 GMT
27 Feb 88

[Text] Sanaa, February 26 (XINHUA)—The visiting Chinese Communist Party delegation headed by Li Zhechi held talks here this evening with the delegation of Arab Yemen's Standing Committee of General People's Conference headed by Ahmad Asbahy.

According to Radio Sanaa, Li Zhechi, member of the Chinese Communist Party Central Committee and secretary of the party committee of Gansu Province, studied with Ahmad Asbahy how to develop bilateral relations and other issues of common concern.

During the talks, both sides pledged support to the current Palestinian uprising in Israeli-occupied lands and to the Palestinian people's struggle for the rights of self-determination and establishing their independent state in their own land under the leadership of the Palestine Liberation Organization (PLO).

Afghan Provisional Government Plan Reported

HK291118 Beijing RENMIN RIBAO in Chinese
25 Feb 88 p 6

[Report by Shi Zongxing (0670 1350 2502): "Islamic Alliance of Afghan Holy Warriors Announces Proposal on Setting Up Provisional Government"]

[Text] Islamabad, 24 Feb—The Islamic Alliance of Afghan Holy Warriors announced at Peshawar yesterday their long-deliberated proposal on setting up a provisional government in Afghanistan, which stipulated the functions, organizational form, and distribution of seats of the provisional government but did not mention the persons selected.

A communique issued by the alliance said that the highest policy organ of the state would be a 7-member "supreme committee," which will be composed of the party chiefs of the seven resistance organizations. The committee will exercise collective leadership throughout the transitional period.

A 28-member cabinet, which includes 14 representatives from the resistance forces, 7 Afghan refugee representatives, and 7 representatives for Afghan Muslims now in Kabul, will be set up under the leadership of the head of government. The head of government will also be the head of Afghanistan.

In addition, a 75-member "consultative committee" will be set up. Each of the 28 provinces will send 2 delegates, and the remaining 9 members will be religious personages, intellectuals, and technocrats. The committee will be responsible for enacting provisional decrees until a

formal parliament is elected. Committees will also be set up at the provincial level to handle affairs within the province during the transitional period.

Following the withdrawal of Soviet troops, the communique said, the name of Afghanistan will be changed to "Islamic Afghanistan." The "Koran" and the "Sacred Laws" will be supreme.

The communique said that the alliance of resistance organizations had decided to immediately establish a "reconstruction committee," appealing to all countries, the Soviet Union in particular, to help restore the Afghan economy, which has been undermined by the war.

The communique declared that the provisional government would pursue an independent and nonaligned foreign policy and establish friendly relations with all countries that do not interfere in Afghanistan's internal affairs, particularly neighboring countries.

The communique of the alliance of resistance organizations said that the newly established provisional government would replace the Kabul regime and exercise powers prior to the signing of the agreement in Geneva. The provisional government will sign the Geneva agreement and be responsible for its implementation, including: Guaranteeing a cease-fire, maintaining social order so that the Soviet troops can completely withdraw from Afghanistan, making arrangements for Afghan refugees to return to their homeland, and making preparations for national elections to be held within 6 months after the withdrawal of Soviet troops.

The communique said that an independent elections committee would be set up to work out procedures and other stipulations for future elections.

The communique said that the proposal was unanimously adopted at the meeting of the higher committee of the alliance of resistance organizations held on 22 February. Public opinion here is taking note of the reaction of various circles to the proposal.

Outgoing Nepalese Consul General Received

HK270720 Lhasa Xizang Regional Service
in Mandarin 1130 GMT 23 Feb 88

[Excerpts] On the afternoon of 22 February, Wu Jinghua, secretary of the autonomous regional party committee, met with (Tangmala Wukeyabu), the outgoing consul general of the Consulate General of the Kingdom of Nepal in Lhasa, and his wife. (Tangmala Wukeyabu) has been the Nepalese Consul General in Lhasa for over 5 years, and will leave for home at the end of his term of office on 26 February.

Secretary Wu Jinghua spoke highly of the efforts made by Consul General (Tangmala Wukeyabu) in Lhasa to promote Nepalese-Chinese friendship and Nepalese contacts with our region. [passage omitted]

Secretary Wu Jinghua asked the outgoing consul general to give his regards to His Majesty King Birendra and the queen.

Secretary Wu Jinghua and the outgoing consul general exchanged souvenirs.

Sub-Saharan Africa

Zambia's Kaunda Arrives for 5-Day Visit
OW280840 Beijing XINHUA in English 0828 GMT
28 Feb 88

[Text] Beijing, February 28 (XINHUA)—Zambian President Kenneth David Kaunda and his wife Betty Kaunda arrived here this afternoon by special plane to begin their five-day state visit to China at the invitation of Chinese President Li Xiannian.

They were greeted at the airport by Qian Yongchang, chairman of the Chinese Government Reception Committee and minister of communications, and Chinese Vice-Foreign Minister Qi Huaiyuan.

Also on hand were Chinese Ambassador to Zambia Zhou Mingji and diplomatic envoys of Zambia and other African countries here.

Two Chinese children presented bouquets of flowers to President and Mrs. Kaunda.

President Kaunda is the current executive chairman of both the Organization of African Unity and the Summit of the Frontline States in Southern Africa. This is his fourth visit to China.

President Li Xiannian is to hold a welcoming ceremony and host a banquet tomorrow in honor of the Zambian president and his party.

Other top Chinese leaders are to have discussions with President Kaunda on major international issues and Sino-Zambian relations.

Talks With Li Xiannian
OW290807 Beijing XINHUA in English 0711 GMT
29 Feb 88

[Text] Beijing, February 29 (XINHUA)—Chinese President Li Xiannian and Zambian President Kenneth David Kaunda spoke highly of Sino-Zambian friendship here today.

At a cordial meeting with Kaunda and his wife, Li said Sino-Zambian friendship and cooperation has kept growing in recent years and China is satisfied with such growth.

Kaunda said the two countries have "very friendly" relations, adding "we Zambians maintain that China is our all-weather friend."

Li said Kaunda shoulders important responsibilities as the president of Zambia and current executive chairman of both the Organization of African Unity and the summit of the Frontline States in Southern Africa.

Li spoke highly of the Zambian people's achievements in the political, economic, cultural, scientific and technological fields under the leadership of President Kaunda.

On international issues, he said, China and Zambia have identical or similar views on many issues. They both stand for relaxation and disarmament, oppose war and strive for economic development.

Li also condemned the South African authorities for their apartheid policy, obstructing the independence of Namibia, and armed aggression of Angola.

He reiterated China's consistent position of supporting the just struggle of the South African people, the Namibian people and the people of the Frontline countries.

Kaunda expressed thanks for China's assistance to Zambia in various fields.

He also briefed Li on the latest development of the situation in southern Africa.

President Li's wife Lin Jiamai and high ranking Chinese officials including Rong Yiren, Wu Xueqian and Qian Yongchang attended the meeting.

Principal members of President Kaunda's entourage were present.

The meeting was preceded by a welcoming ceremony for Kaunda.

Meets Li Peng
OW290848 Beijing XINHUA in English 0825 GMT
29 Feb 88

[Text] Beijing, February 29 (XINHUA)—China's acting premier, Li Peng, held talks here today with Zambian President K.D. Kaunda on both international issues of common interest and bilateral relations.

During the two-hour talks, Kaunda briefed Li on the present situation in southern Africa.

He said the South African authorities still stubbornly stick to the apartheid system, ruthlessly suppress the South African people, illegally occupy Namibia and intrude into Angola and sabotage neighboring countries' stability.

Therefore, Kaunda said, the situation in this region is serious. He urged the international community to take effective measures to improve the situation there.

Li Peng strongly condemned the recent atrocities committed by the South African authorities, adding that the Chinese Government resolutely opposes their policy of racial discrimination and is disturbed by the situation in the country.

Li also expressed appreciation of and support for the efforts made by Kaunda, as executive chairman of the summit of the Frontline States in southern Africa, to ease the situation in South Africa.

Li also praised Kaunda, as executive chairman of the Organization of African Unity, for his contributions to the promotion of African unity.

Kaunda said he aimed to elevate the relations existing between the two countries to a new stage.

Li said both China and Zambia enjoy very good relations, adding that he believed fresh progress will be made in bilateral relations through president Kaunda's visit to China.

Taking part in the talks on the Zambian side were Chitapankwa II, member of the Central Committee of the Zambian United National Independent Party in charge of the northern province, Ilute Yeta, party central committee member in charge of the western province, and Foreign Minister Luke J. Mwananshiku.

Also present were Chinese State Councillor and Foreign Minister Wu Xueqian, Minister of Communications Qian Yongchang and Deputy Chief of the General Staff of the Chinese People's Liberation Army He Qizong.

West Europe

Britons Allowed Compensation for Pre-1949 Losses
OW261405 Beijing XINHUA in English 0729 GMT
26 Feb 88

[Text] London, February 25 (XINHUA)—Britons who left behind their polo sticks, beach equipment and other personal property in pre-1949 China are being given a chance to recoup their losses.

They will be invited next week to submit claims for compensation on pre-1949 Chinese debts, property and bonds, a British Foreign Office official announced here today.

Tim Eggar, a junior Foreign Office minister, said the move was a result of a mutual waiver of claims signed in Beijing last year by the Governments of Britain and China.

He said 850 people had already registered property losses ranging from polo sticks and beach boxes to a chocolate factory in Shanghai.

Eggar told reporters that under the agreement the British Government would distribute on behalf of China about 20 million pounds (35 million dollars) among Britons who have property claims.

According to a local report, half of this amount has already been paid by China. The pay-outs are to be completed by August 1990.

British national newspapers on Sunday and Monday are to carry advertisements inviting claims.

Eggar noted that it was not known yet how many replies would be made, and added that property losses were likely to prove extremely difficult to assess.

Eggar said he expected claimants to recover about 8 percent of the original value of the assets. However, he said "given the circumstances, it is a good deal, at the top end of our expectations."

British claimants will be urged to hand in applications for bond claims by the end of June. Two additional months will be allowed for other claims, which will be assessed by the government's Foreign Compensation Commission, Eggar said.

San Marino Leaders Leave Beijing for Xian
OW271111 Beijing XINHUA in English 1035 GMT
26 Feb 88

[Text] Beijing, February 26 (XINHUA)—Visiting captains regent (heads of state) Gianfranco Terenzi and Rossano Zafferani of the Republic of San Marino and their party left here today for a tour of Xian and other parts of China.

Chinese President Li Xiannian and his wife Lin Jiamei bid the visitors farewell at the Diaoyutai state guesthouse before their departure.

In a cordial conversation, Li and the two San Marino leaders expressed the view that the current visit has strengthened friendly ties between the two countries and their peoples.

Chinese Vice-Foreign Minister Zhou Nan is accompanying the guests on their tour.

This morning, the two San Marino leaders laid a wreath at the monument to the people's heroes here.

Zhu Liang, head of the International Liaison Department of the Chinese Communist Party Central Committee, met here today with Alvaro Selva, secretary of state for internal affairs and civil protection and member of the Central Committee of the Communist Party of San Marino, who is accompanying the two San Marino leaders on the visit.

Zhao Interviewed by Japanese Newspaper

On Leadership, Coastal Zones
OW271930 Beijing XINHUA Domestic Service
in Chinese 1616 GMT 27 Feb 88

[By reporter Yu Jiafu]

[Text] Beijing, 27 Feb (XINHUA)—CPC Central Committee General Secretary Zhao Ziyang said to Toichiro Hitotsuyanagi, president of Japan's ASAHI SHIMBUN, and its reporter group during an interview at Zhongnanhai this afternoon: The CPC Central Committee will hold a plenary session to discuss state leadership changes before the convocation of the First Session of the Seventh National People's Congress on 25 March this year.

Answering a question put forward by Toichiro Hitotsuyanagi, Zhao Ziyang said: The 13th CPC National Congress already gave the state leadership changes an overall consideration. Before the convocation of the First Session of the Seventh National People's Congress, the CPC Central Committee will hold a plenary session to further decide on the leadership changes and then recommend candidates for leadership to the NPC. The final decision will be determined by election.

Zhao Ziyang said: The election of leaders and the establishment of state bodies will embody the spirit of further reform put forward by the 13th National Party Congress.

He said: When the local people's congresses elected deputies to the Seventh National People's Congress, there were more candidates than the actual number elected. The forthcoming session of the NPC will elect state leaders and will further embody the principle of discontinuing life-long tenure of leading posts.

On the establishment of organs, Zhao Ziyang said: In order to meet the need of the development of a planned commodity economy, the functions of government organs should change in accordance with the principle of separating party functions from government functions, separating government functions from those of enterprises, and delegating power to lower levels. The state will gradually assume a more indirect role, instead of a direct role, in managing enterprises. The government will constantly strengthen its functions in overall control and gradually reduce its functions in microcontrol. Therefore, we will cancel or merge some government departments, set up new ones, and strengthen some others.

Zhao Ziyang also discussed his inspection tour of coastal areas in December last year and two more inspection and study tours there during January and the Spring Festival period this year. He said: In last 10 years China has made a great progress in opening itself to the outside world, and the progress in the coastal areas is even more

remarkable. Generally speaking, the coastal areas, with a population of 200 million, have all the conditions to open wider and accelerate the reforms.

He said: The proposed strategies for developing the coastal areas have been approved by the Party Central Committee and agreed upon by the State Council. The coastal areas should make more contacts with international markets and take part in more international exchanges. They should make great efforts and adopt measures to develop an export-oriented economy.

Zhao Ziyang said: The coastal areas should improve conditions for introducing foreign funds, actively attract foreign traders to invest, and strive to enable foreign businessmen to run joint ventures in China according to general international practice.

Toichiro Hitotsuyanagi asked if further development of the coastal areas will lead to greater disparity between these areas and China's interior regions.

Zhao Ziyang said: The disparity is unavoidable, but it conforms to the law of economic development. It will be a disparity in the course of advance. Every country has some areas more developed than others. He added: We are sure that the development of China's coastal areas will promote and guide — not obstruct — the economic development in the interior regions.

When asked about any differences between the reform in China and the reform in the Soviet Union, Zhao Ziyang said: Both the Soviet Union and China are socialist countries, and both are engaged in reforms. It seems that reform has become a trend for all socialist countries. We attach importance to Soviet reforms and hope to see their success, which will be in the interest of the Soviet people. He said: "Domestic policies of a country will often exert an influence on its foreign policy. I have noticed that General Secretary Gorbachev also said this. As China and the Soviet Union differ in national conditions and stage of development, they can learn from each other's experience, but they cannot copy each other."

Zhao on Soviet Relations

OW290431 Beijing in Russian to the USSR
1800 GMT 28 Feb 88

[Excerpts] Zhao Ziyang, general secretary of the CPC Central Committee, at his meeting held in Beijing on the evening of February 27 with Toichiro Hitotsuyanagi, president of the Japanese newspaper ASAHI SHIMBUN, and a delegation of this newspaper, discussed the issue of PRC-USSR relations.

Zhao Ziyang said that contacts in economic and cultural relations between the PRC and USSR have increased to some extent in recent years. The atmosphere of the talks on the PRC-USSR border question is also good. However, generally speaking, there has been no political change whatsoever between the PRC and USSR.

On a Deng Xiaoping-Gorbachev meeting, Zhao Ziyang noted that 2 years ago, Comrade Deng Xiaoping declared his readiness to meet Gorbachev at any place in the Soviet Union, if the Soviet Union contributes to the withdrawal of Vietnamese troops from Cambodia. [passage omitted]

Speaking on the restructuring being implemented in the Soviet Union, Zhao Ziyang said: Both China and the Soviet Union, two great socialist countries, have raised the question of implementing reforms. This attests to the fact that reform has already become a trend in socialist countries. He also stated that there is an enormous difference between the reality in the PRC and that in the USSR. They can use each other's experiences, but this cannot be reproduced mechanically.

Zhao on Foreign Relations

OW272100 Beijing XINHUA Domestic Service
in Chinese 1637 GMT 27 Feb 88

["Zhao Ziyang Says Chinese and Korean High-Ranking Leaders To Exchange Visits This Year" — XINHUA headline]

[Text] Beijing, 27 Feb (XINHUA) — At a meeting with Japanese guests today, Zhao Ziyang, general secretary of the CPC Central Committee, said that the relations between China and the Democratic People's Republic of Korea have been very good. He said he believed there will be an exchange of visits by Chinese and Korean leaders this year. However, both sides have not made arrangements in this respect.

Zhao Ziyang said: China has always supported Korea's stand for independence, peace, and unification, supported North-South dialogue, and supported a tripartite meeting of the northern and southern sides of Korea and the United States. He added: China will continue to press for an easing of tensions on the Korean peninsula, support all proposals and actions to that end, and oppose actions that lead to an aggravation of tensions on the peninsula.

In his meeting with Toichiro Hitotsuyanagi, president of the Japanese ASAHI SHIMBUN, and other Japanese guests today, Zhao Ziyang said: The relations between China and Japan have been good on the whole since diplomatic relations were established 15 years ago. China attaches great importance to the development of friendly relations between the two countries.

Zhao Ziyang said: This year is the 10th anniversary of the conclusion of the Sino-Japanese Treaty of Peace and Friendship, and this is worth celebrating by all. We hope politicians of the two countries will handle Sino-Japanese relations from a long-term standpoint, being aware of the present as well as looking 10 years into the future, so that the two peoples may be friends for generations to come.

Zhao Ziyang said: While affirming the good relations between the two countries, we should note that political and economic problems exist in Sino-Japanese relations. These problems must be properly solved so that they will not affect the development of relations between the two countries. He continued: Politicians of the two countries should proceed from the overall interests of Sino-Japanese friendship and refrain from words and actions unfavorable to friendship between the two countries. So long as the two countries follow the principles of the joint declaration and the Sino-Japanese Treaty of Peace and Friendship, these problems can be solved properly through friendly consultation.

When asked by Toichiro Hitotsuyanagi when he will visit Japan again, Zhao Ziyang replied: We have invited Prime Minister Noboru Takeshita to visit China, and we are fervently awaiting his visit. I very much thank the Japanese Government for inviting me to visit Japan. Because of the change of my job and because I am very busy with my work in the country, I have not yet made plans for foreign tours this year.

Touching on international issues, Zhao Ziyang said: We welcome the signing of the INF treaty by the heads of state of the United States and the Soviet Union. We also hope that when the heads of state of the two countries meet again in May this year, they will reach an agreement on a big reduction of strategic nuclear weapons. We believe that improvement of relations between the United States and the Soviet Union is better than confrontation between them.

Zhao Ziyang said: The present international situation is far from relaxed. Real relaxation will take a long time and require arduous efforts, and relapses may occur. Therefore, our Asian countries, small- and medium-sized countries of the world, and in short, all peace-loving countries and people of the world must make continuous efforts.

He said: The agreement on medium-range guided missiles is just something on paper, and actions are still expected. We will have to wait and see whether they will reach an agreement, and what kind of agreement it will be, when the U.S. and Soviet leaders meet again.

He continued: We have always held that the superpowers should be the first to stop testing, manufacturing, and deploying nuclear weapons. They should link the reduction of nuclear weapons with the cessation of their testing, manufacture, and deployment. China does not want to see the superpowers reduce outdated nuclear weapons while experimenting, manufacturing, and introducing more deadly [sha shang li] ones. We hold that an international nuclear weapons conference of broad representation, with all nuclear countries participating, is possible only if the two superpowers truly reduce by a large margin their respective nuclear weapons in areas

inside and outside their countries and destroy these weapons on the spot. As a nuclear country, China will take part in such a conference.

On Sino-Soviet relations, Zhao Ziyang said: Bilateral contacts in the economic and cultural fields have been increasing over the past few years. The boundary talks also proceeded in a good atmosphere. On the whole, however, there is not much progress in Sino-Soviet political relations, meaning the normalization of relations between the two countries. This is because the question of the Vietnamese invasion and occupation of Cambodia still remains unsolved. We do not believe that conditions for a Sino-Soviet summit are ripe.

RENMIN RIBAO Report

HK280854 Beijing RENMIN RIBAO in Chinese
28 Feb 88 p 1

[Report by reporters Feng Chaoyang (7458 2600 7122) and Li Jingwei (2621 2529 5898): "Zhao Ziyang Says When Meeting Guests From Japan's ASAHI SHIMBUN: CPC Central Committee Plenary Session Will Be Held Before the 7th NPC To Further Discuss State Leadership Changes"]

[Text] Beijing, 27 Feb—CPC Central Committee General Secretary Zhao Ziyang this afternoon in Zhongnanhai met with an ASAHI SHIMBUN delegation led by (Shinsei Ishikawa) and Toichiro Hitotsuyanagi, president of the newspaper, who had come specially from Tokyo. Zhao Ziyang told them that new leaders will be elected at the 7th NPC set for late March. In leadership changes and organ restructuring, the congress will implement the guidelines of the 13th National Party Congress and further embody the abolition of the life tenure system for state leaders. It will also change state management over enterprises from a mainly direct to a mainly indirect system, and progress from attaching importance to microeconomic management to strengthening macroeconomic control, centering on economic and political structural reforms and changes in the functions of the state organs. A number of government departments will be abolished or amalgamated, and some new departments will be established. Regarding the leadership changes, Zhao Ziyang said that this question was previously considered in a unified fashion at the 13th National Party Congress and will be discussed at a Central Committee plenary session before the 7th NPC. The proposals of the CPC Central Committee will then be submitted to the NPC in accordance with regulations. The final decision will be determined by a vote by the deputies.

Zhao Ziyang said: We are building socialism on a foundation of relative poverty and backwardness, but socialism certainly cannot mean poverty or backwardness. Hence, the task facing us is to eliminate poverty and backwardness and achieve China's modernization under socialist conditions. This requires that, in view of the specific circumstance that China is in the initial stage of

socialism, while economically further promoting the policy of opening up to the world, importing advanced foreign technology and experience, and developing a socialist commodity economy on the basis of public ownership, we should allow the coexistence and development of a variety of economic sectors so as to mobilize all kinds of positive factors for developing the social productive forces; and politically, we must strengthen the building of democratic politics and stimulate people's initiative by giving scope to democracy. Of course, this process should be in step with economic and cultural development. Here lies the meaning of the economic and political structural reforms we are now undertaking.

Zhao Ziyang also discussed his three investigation and study visits to the coastal regions at the end of last year and the beginning of this year. He felt that the coastal regions, with a population of 200 million, possess the conditions for further opening up to the world and speeding up reform. He said: The general idea on the development strategy for the coastal regions has been approved by the CPC Central Committee and has also gained the agreement of the State Council. The coastal regions should strengthen their ties with the international market and participate more in international exchanges. We should adopt a series of measures to ensure that these regions develop in the direction of an export-oriented economy.

Reviewing and looking at the prospects for Sino-Japanese relations, Zhao Ziyang said: This year marks the 10th anniversary of the Sino-Japanese Peace and Friendship Treaty, and this is worth celebrating. Generally speaking, Sino-Japanese relations have been good during the 15 years since diplomatic relations were established. China greatly cherishes these friendly relations, because they accord with the fundamental interests of the Chinese and Japanese peoples and are beneficial for peace in the Asia-Pacific region and the world. Zhao Ziyang said: While affirming that relations are generally very good, we should not overlook the fact that certain political and economic problems exist between the two countries. Chinese and Japanese politicians should proceed from the overall interests of Sino-Japanese friendship and refrain from words and actions unfavorable to friendship between the two countries. So long as the two countries hold consultations in the spirit of the Sino-Japanese joint declaration and the peace and friendship treaty, it will not be impossible to resolve the existing problems. He sincerely hoped that the two sides will make efforts to solve these problems, so as to bring about still greater development of Sino-Japanese relations.

During the meeting, Zhao Ziyang also reiterated China's consistent stand on the disarmament issue, and welcomed the INF treaty signed by the United States and the Soviet Union. He also expressed the hope that still greater progress will be made on disarmament when the next U.S.-Soviet summit meeting is held this year. He also emphatically pointed out that this agreement is only

a first step. It appears that real relaxation in the international situation will require a long time and arduous efforts and may even undergo twists and turns. This requires that great, medium, and small countries push forward the two superpowers, which bear a particular responsibility.

Zhao Ziyang also expressed his views on the situation in the Korean Peninsula and on Sino-Soviet relations. He stressed that China has extremely good relations with the DPRK and that there will be an exchange of visits by high-level leaders this year. China supports all proposals and actions that help to relax the situation in the Korean Peninsula. On the question of a meeting between Deng Xiaoping and Gorbachev, Zhao Ziyang said that Comrade Deng Xiaoping 2 years ago proposed that if the Soviet Union could get Vietnam to withdraw its troops from Cambodia, he would be willing to meet Gorbachev anywhere in the Soviet Union. However, at present the chief obstacle to the normalization of Sino-Soviet relations is precisely the fact that no progress has been made on the issue of a Vietnamese troop withdrawal from Cambodia, and so we do not think that the conditions are ripe for a Sino-Soviet summit.

When the meeting ended, the Japanese friends asked Zhao Ziyang: In the past you said that you were not suitable for the post of general secretary. How do you feel about it now? Zhao Ziyang replied humorously: "I am now trying to enter into the spirit of the part. Since my destiny has been decided, I will not let my imagination run away with me anymore."

The seven-member ASAHI SHIMBUN delegation has been visiting various parts of China since 4 February to report on the country's current situation.

AFP Reviews Interview

*HK280620 Hong Kong AFP in English 0610 GMT
28 Feb 88*

[Excerpts] Tokyo, Feb 28 (AFP)—Chinese Communist Party chief Zhao Ziyang has ruled out a Sino-Soviet summit in the near future owing to Soviet ally Vietnam's continued occupation of Cambodia.

In an interview with the ASAHI SHIMBUN newspaper, held in Beijing Saturday and published here Sunday, Mr Zhao also said North Korea fully understood China's decision to take part in this year's Seoul Olympics and that a meeting of top Chinese and North Korean leaders would take place this year.

Mr Zhao was quoted as telling ASAHI SHIMBUN President Toichiro Hitotsuyanagi that a Sino-Soviet summit could not be held unless Moscow persuaded Hanoi to pull all its troops out of Cambodia.

(The official NEW CHINA NEWS AGENCY (NCNA) quoted Mr Zhao as saying in the interview that no progress had been made in political relations between the two countries to warrant summit talks.

("This is because the main obstacle to the development of Sino-Soviet relations, namely, the Vietnamese occupation of Kampuchea, has not yet been removed," he was quoted as saying.

(But he said bilateral contacts in the economic and cultural fields had been "on the increase" over the past few years and that boundary talks had also proceeded in a "good atmosphere," the agency reported.)

Beijing has often listed the build-up of Soviet troops along its border and the Soviet presence in Afghanistan as two other stumbling blocks to normalization of relations between the two countries.

On the Seoul Olympics, the ASAHI SHIMBUN quoted Mr Zhao as saying that China had followed accepted international rules as a member of the International Olympic Committee in taking part in the games.

"North Koreans have told us that they fully understand our position on this issue," Mr Zhao told Mr Hitotsuyanagi. [passage omitted]

Mr Zhao also indicated that a China-North Korea top leaders' meeting would be held this year, saying "high-ranking officials' interchanges between Beijing and Pyongyang have been increasing and a top leaders' interchange will take place within this year."

On new South Korean President No Tae-u's moves to normalize ties between South Korea and China, Mr Zhao said the matter was not on the agenda at present.

(NCNA also quoted him as welcoming the signing of the U.S.-Soviet agreement on the dismantling of intermediate-range nuclear weapons, adding however that it was "just something on paper" and China wanted to see action.

("They should also connect the reduction of nuclear weapons with the ceasing of experiment, manufacture, and deployment of them," he said.) [passage omitted]

CPC Central Committee To Hold March Session

*HK270021 Hong Kong WEN WEI PO in Chinese
27 Feb 88 p 1*

[Dispatch from Correspondent Liu Jui-shao: "CPC Central Committee to Hold 2d Plenary Session Next Month"]

[Text] Beijing, 26 Feb—According to sources, a preparatory meeting for the 2d Plenary Session of the 13th CPC Central Committee is scheduled for 15 March. The

main points on the agenda are the economic situation, the work of the Political Bureau, and the matters and personnel lists to be submitted to the 7th NPC.

According to our information, the Second Plenary Session will itself make some reforms, that is, it will make public the contents of the speech that Zhao Ziyang plans to make, as an indication of increased transparency.

For the First Plenary Session, CPC officials only announced that "Comrade Zhao Ziyang made an important speech at the conclusion of the session," but did not give its contents.

Before the 13th National Party Congress, plenary sessions of the CPC Central Committee were held roughly once a year. However, following the congress, the quarters concerned have decided that plenary sessions should be held roughly every 6 months and that the work of the Political Bureau should be reported in detail to the whole body of Central Committee members. Only 4 months have now passed since the 13th National Party Congress and the First Plenary Session. In this way collective leadership can be institutionalized, and supervision and constraints over the party leaders can be strengthened.

The preparatory meeting for the Second Plenary Session is expected to last 4 to 6 days. The session will then be formally convened, to approve the relevant items.

Apart from this, the CPPCC will convene a standing committee meeting on 1 March to discuss matters for its session at the end of March. It will also discuss the proposed new leadership group for the CPPCC.

The 25th meeting of the 6th NPC Standing Committee will be convened between the 2d Plenary Session of the CPC Central Committee and 25 March, in preparation for the 7th NPC. At present the NPC is examining the credentials of the deputies elected in all parts of the country.

WEN WEI PAO Notes New Features of NPC Session
HK290111 Hong Kong WEN WEI PO in Chinese
29 Feb 88 p 1

[Dispatch from correspondent Liu Jui-shao: "Beijing Keen on Improving Quality of NPC Sessions"]

[Text] Beijing, 28 Feb—The first session of the 7th NPC will open on 25 March. The sectors concerned have made the following arrangements for ensuring that the session is run still better and that the NPC can play its role: 1) A draft of the government work report will for the first time be distributed to all localities before the session for discussion. This will allow the deputies plenty of time to study the report's contents and thus improve the quality of the discussions. Previously, the deputies could only obtain a draft of the report 1 or 2 days before the session. 2) It has been reiterated that when the

session secretariat is holding meetings, stenographers will be asked to take down detailed records of the deputies' views, especially differing and sharp views. 3) At a time when the government organs are being streamlined, the NPC is increasing the number of its personnel. This year the number will first be increased from 700 to nearly 1,000. 4) Research work will be stepped up. The nationalities commission has set up its own research office, and other research offices will also be set up in succession.

The number of deputies to the NPC is the same as last time, that is, 2,978. Following the elections in the provinces, autonomous regions, and municipalities directly under the central authorities, 2,975 deputies have been elected, and there are 3 vacancies. A standing committee of 155 will be elected from these deputies. According to our information, the election of the standing committee will follow the method of having more candidates than positions, but the difference between the two numbers will be smaller than in the elections held in the localities.

As for the CPPCC, the number of members remains at 2,050, but the proportion of CPC members will be reduced, while the numbers of democratic party members, nonparty figures, and serving personnel of government departments will be increased.

Apart from this, in order to strengthen the functions of the NPC, the sectors concerned have drawn up and discussed a series of schemes, including the establishment of four specialized commissions under the NPC.

According to our information, these four commissions include a Legal Supervisory Commission, National Defense Commission, Constitution Commission, and a Commission for the Appointment and Removal of Personnel. The establishment and field of work of the first three has already been basically firmed up, and they can officially start work after the NPC has formally approved them and appointed their members. This will increase to 10 the number of special commissions directly subordinate to the NPC. The existing six include the Nationalities Commission, Legal Commission, Finance and Economics Commission, the Commission for Education, Science, Culture, and Public Health, the Foreign Affairs Commission, and the Overseas Chinese Affairs Commission.

Nuclear Industry Ushers in New Era
OW271116 Beijing XINHUA Domestic Service
in Chinese 1308 GMT 26 Feb 88

[By Reporter Zhuo Peirong]

[Text] Beijing, 26 Feb (XINHUA)—Thanks to sustained efforts and practice over recent years, a plan to readjust China's nuclear industry, mapped out by the State Council and the Central Commission in 1982, has basically been realized. The focus of the nuclear industry has been

shifted from meeting military needs to serving the national economy and the people's everyday life. Instead of manufacturing unitary military products, the industry now turns out diversified, multilevel products for civilian use. After reaching the bottom of a valley, the nuclear industry has ushered in a new transitional period of development.

According to Jiang Xinxiong, minister of nuclear industry, the industry has reached where it is today after withstanding tests in which many plants were ordered to stop, limit, or switch to other lines of production. While the state was reducing the scale of military capital construction and readjusting the whole production of nuclear fuel and weapons, the 300,000 staff and workers on the nuclear industrial front exerted themselves in the new endeavor and remained organized and ideologically sober over the recent years.

China has begun the construction of nuclear power stations and has completed the initial foundations for their future development. The safety sheath for the main building of the Qinshan Nuclear Power Station in its first-phase construction will soon be crowned; preparations for operations, assembling of fuel, and manufacturing of equipment are being carried out simultaneously; and installation of equipment will begin within this year. The construction of the main body of the Dayawan Nuclear Power Station has already begun, and the three major contracts on nuclear islands [he dao 2702 1497], conventional islands [chang gui dao 1603 6016 1497], and engineering services have been carried out according to schedule. The project for the second-phase construction of the Qinshan Nuclear Power Station, the first in a series of commercial nuclear power stations to be built by China, has already been approved, with first-phase construction already under way. The nuclear power industry has given an impetus to the development of the nuclear fuel industry for civilian use.

At the same time, China has carried out limited and essential nuclear tests, and has stopped atmospheric nuclear tests since 1985. Breakthrough has also been achieved in the study and development of nuclear weapons.

By applying nuclear industrial technology, China has developed a variety of products for civilian use, whose output value amounted to one-third of the total produced by the Ministry of the Nuclear Industry in 1987. Many enterprises, which started out with economy projects producing popular goods in great demand and yielding quick economic returns, now manufacture the industry's major products for civilian use. There are 22 kinds of products whose individual output value has reached or approached 10 million yuan. An oil well prospecting system and a whole set of printing plate equipment have already been included in the State Economic Commission's plan to master and assimilate imported technologies. Efforts have been made to exploit rare earth metals and gold which are important

for the nuclear industry. China has completed the construction of its largest heavy rare earth metal smelter, and is also capable of exploiting the deposits for the gold industry.

Advances have also been made in China's scientific and technical forces. Specialized personnel needed for completing the strategic shift of the industry have been trained, and a number of major research projects completed — technologies for making nuclear reactors, manufacturing nuclear fuel for civilian use, and handling nuclear wastes, as well as large laboratory instruments such as a high flux reactor, the China Converter No 1, and a tandem accelerator.

Some of the nuclear industrial products have already entered world markets, and a number of enterprises have set up export production lines for nonferrous metals, chemical engineering goods, and diamonds. Bilateral and multilateral scientific and technical exchanges and economic cooperation with foreign countries have also been carried out.

Tian Jiyun Speech on Helping Poor Areas
OW290231 Beijing XINHUA Domestic Service
in Chinese 1143 GMT 27 Feb 88

[Text] Beijing, 27 Feb (XINHUA)—Speech given by Tian Jiyun on 27 February at the second briefing of state organs on helping poor areas. Speech entitled: State organs should make new and greater contributions to helping poor areas become prosperous.

Comrades:

At a briefing of state organs held after last year's Spring Festival, the State Council pointed out that to support poor areas in development and help them become prosperous is a required and glorious task and historic responsibility of all the circles in society, and state organs should play an exemplary leading role. One year has elapsed since then. The speeches made by several departments, and the briefing materials released by some other departments at today's meeting show that the work of helping poor areas has preliminarily become a comparatively large-scale economic activity of society. Many departments under state organs, the PLA, democratic parties, mass organizations, colleges, scientific research organizations, developed regions, and industrial and commercial enterprises have actively made efforts and tried in every possible way to help poor areas in economic development. They have done a great deal of arduous and meticulous work and promoted economic development in poor areas. At the same time, they have also promoted their friendship with the people, tempered their cadres, and improved their work style. They are welcomed and praised by the cadres and people in poor areas. The achievements in helping poor areas last year were inseparable from the efforts made by state organs, PLA units, mass organizations, and other departments. It was of great significance that the State Council

held a meeting today to commend 28 departments, organizations, and PLA units stationed in poor areas that made outstanding contributions to helping the poor last year. The commendation will actively promote thorough implementation of the guidelines of the 13th National Party Congress and further improvement of the work of helping poor areas. On behalf of the State Council, I hereby extend my congratulations to the commended departments and organizations and give my cordial regards to all departments, organizations, and comrades that have contributed to making poor areas prosperous.

Comrades, we have made great progress and tremendous achievements in the work of helping poor areas in the last 2 years, thanks to the leadership of the party Central Committee and the State Council and to the attention and efforts of various localities and departments and various circles of society. Some poor areas have greatly improved their conditions. Some of the people in poor areas have had adequate food and clothing. Some poor areas have preliminarily achieved a shift from receiving subsistence relief to developing economically, and have thus entered a new development stage. These gratifying achievements should be fully affirmed. However, we should also fully understand that the task of helping poor areas is still very arduous. With the reform and opening to the outside world as a motive force, our country has undergone a great historic change and made important progress and breakthroughs in many respects since the 3d Plenary Session of the 11th CPC Central Committee. Some social and economic problems that long perplexed our country have been solved. In particular, the problem of feeding and clothing more than 1 billion people has been, in the main, solved. This is indeed a very amazing achievement. Comrade Ziyang pointed out in his report to the 13th National CPC Congress: From the 3d Plenary Session of the 11th CPC Central Committee to the middle of the next century, our strategic plan for economic development involves three steps. The overall situation of our country shows that we have largely fulfilled the objective of the first step in solving the problem of food and clothing for our people. The most important task at present is to succeed in the second step—to again double GNP and enable our people to lead a fairly comfortable life by the end of this century. You must have noticed that he described the task of the first step as having been largely fulfilled. In other words, most of the more than 1 billion people have adequate food and clothing, but the problem of food and clothing has not yet been completely solved for the people in some areas. Those people account for a very small percentage of China's total population. However, if we don't solve their food and clothing problems, we cannot say that we have finally and completely solved the problem of feeding and clothing the country's more than 1 billion people. In this sense, to help the people in poor areas solve the problem of food and clothing is an arduous historic task in attaining the final objective of the first step of our country's strategic plan for economic development. At the same time, we should know that

most of the poor areas are either old revolutionary base areas that made great sacrifices and contributions for the Chinese revolution during the period of democratic revolution, or minority nationality regions. The founding and development of the People's Republic of China, the unity and harmony of the people of various nationalities, the strengthening and security of our border defense, the stability of our society, and our economic development have something to do with the contributions made by the people in those areas. While promoting the economic development of poor areas, we must not only provide enough food and clothing for the people there, but also make sustained efforts to help them increase their ability to develop commodity economies on their own in order to achieve a relatively fast growth rate in the local economies and thoroughly transform the backwardness there. Therefore, helping poor areas develop the economy, shake off poverty, and become well off is a major sociopolitical issue, and it is an important, not trivial, matter. We must deepen our understanding and increase our awareness of the work.

Our immediate goal in helping the poor is to provide enough to eat and wear for the majority of them during the current Seventh 5-Year Plan. This is crucial now as this is the 3d year in the implementation of the plan and only a little more than 2 years are left to achieve this goal. We must make determined efforts and take effective measures to realize the goal. This year's work is very important for ensuring the success of the goal. In accordance with the State Council's general arrangements for helping the poor during the Seventh 5-Year Plan and based on the experience of various departments in this regard, I shall put forth the following opinions on the work of assisting the poor to be carried out by the state organizations.

First, leading cadres must take the initiative by strengthening leadership over assistance to the poor, which is the key to success of the work. So long as leaders attach importance to the work and place it on the agenda, it can be carried out without impediments. To assist the poor and help impoverished areas carry out construction is by no means an extra burden on the state organizations; rather, it is their duty. Therefore, leading cadres of all state organizations must pay keen attention to the work and strengthen leadership over it. Over the past 2 years, some leading comrades personally led work teams in going down to the grass roots to help the poor; others made grueling trips in going deep into impoverished areas to conduct study and investigation and map out realistic plans to help the people there; and still others frequently visited poor areas to inspect the work and offer guidance. Such activities are good and should be publicized. Leading comrades of all departments are urged to visit poor areas as often as possible to conduct study and investigation, discover problems and promptly solve them, and offer practical guidance to the work. A structural reform will be carried out among the state organizations. No matter how they are streamlined

or readjusted, the work of assisting the poor must be continued and successfully carried out. We must fulfill the task entrusted to us by history with a profound sense of responsibility.

Second, we must continue the assistance by the state to a whole region of impoverished areas. It is necessary to clarify the principle of carrying out the work of assisting the poor at different levels and in the order of priority. That is to say that the work of isolated impoverished townships and villages is to be helped by prefectures, cities, and counties, while that of regions clustered with poor areas should be helped mainly by the local provincial and autonomous regional government and actively supported by the state. Over the past 2 years, the State Scientific and Technological Commission, the Ministries of Commerce, Geology and Mineral Resources, Civil Affairs, Chemical Industry, and Agriculture, Animal Husbandry, and Fishery; the State Education Commission; the China Association for Science and Technology; and the Ministry of Forestry have set good examples in dispatching work groups and teams to assist the poor. They have scored remarkable achievements and accumulated useful experience. PLA leading organs at all levels have also attached great importance to the work of helping the poor. Particularly PLA units stationed in the poor areas have, with a profound sense of political responsibility, joined the local people in developing their economies and played an important role in helping them cast off poverty and become well off. These measures have proved effective and must be continued. It is hoped that more departments, especially economic departments, will, with a positive attitude, follow these examples in helping the poor. There are a number of impoverished regions awaiting assistance, particularly from departments and units. A study in this regard must be conducted after the current meeting. Where conditions permit, departments should focus assistance on an entire poor region. Of course, the form of assistance can vary. It would be better if the department can station permanent personnel there. Otherwise, it can dispatch personnel down to the grass roots to offer guidance and assistance on a nonperiodical basis. No matter what form of assistance is adopted, it must be continued and successfully carried out. While commending departments and units for distinguishing themselves in assisting the poor, it is necessary to expose and criticize a handful of units and individuals who, instead of assisting the poor, took advantage of funds earmarked for the poor to build office buildings and buy cars. Serious cases must be punished.

Third, we should cover all areas and bring our own abilities into full play in serving all poor areas. State organs are to serve the whole country. During the Seventh 5-Year Plan and in the long course of developing the national economy, relevant departments of the state organs should not only help certain poor areas solve the problem of food and clothing and shake off poverty and create wealth, but should also take a step further in

mobilizing all production systems, trades, and departments to help all poor areas develop themselves. They should carry out the work in a practical manner, first starting their work in certain areas and then expanding it to other areas until it covers all poor areas. One of the methods they can use in the work is to apply their own special abilities to the poor areas by arranging development projects for them. For example, the Ministry of Geology and Mineral Resources, the Ministry of Metallurgical Industry, and the China National Nonferrous Metals Industry Corporation may help resource-poor areas develop mining; the Ministry of Agriculture, Animal Husbandry, and Fishery and the Ministries of Forestry, Commerce, and Foreign Economic Relations and Trade may help poor areas develop commodity-producing centers; departments of communications may help poor areas with road construction; bureaus in charge of building materials may help them establish the building materials industry; and departments needing large numbers of contractual peasant workers and shift workers may consider employing more workers from poor areas. The other way to help the poor areas is to instruct advanced units in developed areas to help develop poor areas through association on the basis of mutual benefits, and keeping in mind helping the weak and poor. Many departments have recently engaged in such association. For example, the Ministry of Chemical Industry instructed some of China's advanced chemical enterprises to help chemical enterprises in poor counties improve their technologies; the State Education Commission instructed some universities and colleges to run money-losing enterprises in poor areas by contract; the All-China Federation of Trade Unions mobilized skilled workers to offer technical service in poor areas; the CYL Central Committee sponsored a "Help Each Other" activity; and the democratic parties also endeavored to help border areas obtain access to knowledge. All of these have scored success. In doing so, we do not have to spend much money but can bring about high economic results from them. More importantly, in the course of carrying out the open policy and through association based on equality and mutual benefit, the poor and developed areas can gradually coordinate with each other and achieve joint progress. Therefore, when helping the poor areas shake off poverty and create wealth, relevant departments should bring themselves into full play to find a way that can bring about high economic results to the poor areas.

Fourth, we must effectively integrate the development of agricultural resources and the construction of various commodity bases with the work of helping poor areas. In his report to the 13th CPC Congress, Comrade Ziyang called for giving top priority to agricultural development. To further develop our country's agriculture, especially grain production, and lift it to a new stage of development, it is necessary to deepen reform, perfect the relevant policies, gradually rationalize the relations between agriculture and other economic sectors and between various parts of agriculture, and increase agricultural input. In addition, it is necessary to concentrate

our efforts on developing agricultural resources and building commodity bases during the Seventh 5-Year Plan and for a considerable period thereafter. This is an important way of developing agriculture in China. With some of the poor areas in or close to developing regions, we should integrate the development of agricultural resources and the building of commodity bases with our efforts to assist these poor areas in eradicating poverty and achieving prosperity. When choosing major development regions and building commodity bases, we must consider poor areas and try to promote economic development in these areas in the process. When offering bids or making bids on development projects, it is necessary to try to use the labor service of poor areas. It is also necessary to give special consideration to poor areas when starting development projects or undertaking the processing and marketing of products. This will contribute positively to economic development in poor areas and help change their conditions.

Fifth, in poor areas we must establish macroscopic, systematic policies conducive to economic development. The 13th CPC Congress report points out that it is necessary to make further studies and formulate policies suited to the realities of poor areas in order to help build up their capacity for further development and promote their economic prosperity. In this regard, the party Central Committee, the State Council, local governments at different levels, and relevant state organs have already formulated a number of appropriate policies in recent years, and the results are fairly good. Last October, on the basis of numerous investigations and studies and drawing upon past practice and experience, the State Council issued a "Circular on Strengthening the Work of Economic Development in Poor Areas," which demands that measures to aid poor areas be implemented down to each individual household and that benefits be felt by each individual family. The circular calls for setting up economic entities and development corporations on a trial basis to assist poor areas. It calls for public bidding on projects aimed at helping poor areas, and asks developed areas and research units to bid for such projects. It calls for distributing funds earmarked for supporting poor areas on the basis of development results. It also outlines other new measures aimed at reforming the work of assisting poor areas. This circular is another important guiding document, and every locality should seriously implement it. It should be pointed out that policies toward poor areas should be different from those for developed areas. Otherwise, policies would have no meaning. When formulating and implementing policies oriented toward a given region in general, the pertinent state organ should take into full account the particular circumstances of poor areas and coordinate the policies accordingly. We must avoid asking all areas to do the same thing at the same time. We must deal with different areas in different ways and guide them accordingly. Here I want to stress one more time that we must accelerate efforts to resolve the several acute problems affecting economic development in poor areas. At present, poor

areas are beset with such prominent problems as shortages of drinking water for both men and animals, difficulties in moving people out of areas designated for building water reservoirs, endemic disease, difficulties in attracting and retaining trained personnel, inadequate transportation facilities, and electricity shortages. These problems, which are the cause of poverty in poor areas, cannot be resolved by a single department alone. It is hoped that concerned state organs will seriously study these problems and present their plans for resolving them. It is hoped that they will soon come up with the proper solutions and take steps to help the local authorities gradually resolve these problems.

Sixth, we must do everything possible to help poor areas develop capable personnel. The foremost problem affecting poor areas and causing poverty there is the lack of trained personnel. While there are many causes of low investment returns and lack of development of a commodity economy, the dominant cause is lack of trained personnel. Therefore, in our endeavor to help poor areas, we must concentrate on helping them resolve the shortages of trained personnel. In resolving this problem, while it is necessary to bring in trained personnel from other places, it is more important to help poor areas develop local personnel through successful vocational and technical education and improvement of the workers' standards. This work should be done with strong determination and great efforts. Last year, the Ministry of Communications trained over 2,000 specialized technical personnel for 205 poor counties in 12 provinces and counties. It did this by providing short-term training courses at its specialized schools. Eight agricultural colleges and schools operated by the Ministry of Agriculture, Animal Husbandry, and Fishery enrolled more than 1,000 undergraduates from poor areas. This is a good way of helping poor areas. I suggest that various departments make studies and use their available resources and means to help train as many personnel as possible for poor areas. This is a strategy that will basically change the backward state of poor areas once and for all.

Comrades, our country's present political and economic situation is very good, and so is the situation in our work of helping poor areas. Let us take another concrete step and make a greater contribution to the endeavor of helping poor areas put an end to poverty.

CPC Establishes Center on Political Reforms
OW271016 Beijing XINHUA in English 0922 GMT
27 Feb 88

[Text] Beijing, February 27 (XINHUA)—The Chinese Communist Party (CCP) Central Committee has decided to set up a new research center to study and coordinate China's political reforms.

The center, officially called the Research Center of the Chinese Communist Party Central Committee for the Reform of the Political Structure, will also draft documents for the CCP Central Committee.

Bao Tong has been appointed director of the new center.

Du Runsheng Remains Head of Renamed Center
*OW271026 Beijing XINHUA in English 0930 GMT
27 Feb 88*

[Text] Beijing, February 27 (XINHUA)—“The Rural Policy Research Center of the Secretariat of the Central Committee of the Communist Party of China (CPC)” has been renamed “The Rural Policy Research Center of the CPC Central Committee,” XINHUA learned today.

The decision, made by the CPC Central Committee, stated Du Runsheng will continue as the center's director.

The center's function is to conduct studies which will help the Central Committee formulate rural policies and work out rural development strategies, as well as offer consultation on accelerating China's rural reform.

Xizang's Religious Leader Banqen Said Married
*HK260946 Hong Kong MING PAO in Chinese
25 Feb 88 p 1*

[Special Dispatch: “Xizang Living Buddha Banqen Revealed To Have Wife And Daughter”]

[Text] Banqen is the religious leader of Xizang. Banqen the 10th, who has just celebrated his 50th birthday days ago, has tremendous religious influence. As revealed by reliable sources, he has a delicate and pretty wife, and a daughter.

The sources revealed that Banqen's wife is a graduate of the Beijing University, and is now some 30 years old. Their daughter is about 7 or 8 years old. It is not clear when he got married. However, estimated by the age of his daughter, he was married about 10 years ago.

According to the sources, the marriage of Banqen was matched by a senior central figure, and his wife is a daughter of a senior official of the NPC Standing Committee. Banqen was elected vice chairman of the NPC Standing Committee in April 1959.

Banqen's wife comes along with him to visit places frequently, and is generous with her money. Recently, while Banqen was touring in China, his wife bought 200 rolls of color film at one time in a shop, which cost about 2,000 yuan.

Since Banqen is the living buddha of Xizang, he brings a large retinue with him on his tours. Even his daughter has a retinue of three or four; one of them is her teacher, and one is specially responsible for carrying her personal belongings, which include a snack-bag filled with chocolates and candies.

In the past 2 years, Banqen took with him his wife and daughter to Xinjiang and several cities in south China. In Xinjiang, as the news that he has a wife and daughter were leaked out, some of his followers became very discontent and protested to him.

Last summer, Banqen toured in cities of south China, and his wife and daughter flew from Beijing to meet him there. According to the attendants of the hotel he stayed, Banqen's family has a large retinue; hotel attendants are not allowed to enter his room directly and all services must be delivered through his personal servants. All the lamas serving Banqen follow the full set ceremony of Xizang living buddha, for instance they have to prostrate their whole body to Banqen and serve him as king.

Since Banqen is the spiritual leader of the Xizang people, he is well received by the masses, monks and ordinary people in the places he visited in Xizang, and he holds the title “Living Buddha.” A few days ago on his 50th birthday, a number of important central figures sent him baskets of flowers for celebration, including the Party Secretary Zhao Ziyang, Xi Zhongxun, and others.

Deng Xiaoping Picture Album Published
*OW290119 Beijing XINHUA Domestic Service
in Chinese 1529 GMT 26 Feb 88*

[Text] Beijing, 26 Feb (XINHUA)—A ceremony marking the publication of a picture album “Deng Xiaoping” was held this afternoon in the Great Hall of the People.

The publication of this large album, which shows Comrade Deng Xiaoping's magnificent revolutionary career and reflects the glorious history of Chinese revolution, drew the attention of all circles in the capital. Attending today's ceremony were Comrades Hu Qili, Song Ping, Qin Jiwei, Ding Guangen, Bo Yibo, Song Renqiong, Rui Xingwen, Yan Mingfu, Wen Jiabao, Wu Xiuquan, Hu Qiaomu, Duan Junyi, Huang Hua, Huang Zhen, Zhou Guohong, Yan Jici, Kang Keqing, Zhou Peiyuan, Fei Xiaotong, Hong Xuezhi, and Liu Huaqing.

As Mu Qing, president of the XINHUA News Agency, declared the ceremony open, warm applause broke out at the West Hall, which was filled with the delicate fragrance of narcissus.

Li Qi, director of the Party Literature Research Center and editor in chief of the picture album, briefed those present on how the picture was compiled. He said: The album, which depicts Comrade Deng Xiaoping's contributions to the Chinese revolution and to revolutionary theories as well as the victories and tortuous course he has experienced in different historical periods, is a vivid coherent historical album set against the backdrop of the Chinese revolution. He said that the picture album is of great value not only as a historical document, but also as an artistic work.

Zhou Gucheng, Huang Hua, Qian Shunqiang, Wang Meng, Bo Yibo, and Hu Qiaomu mounted the stage and spoke one after another. They held that introducing Comrade Deng Xiaoping to readers at home and abroad through the publication of a picture album is an event of great significance. It will help them understand Deng Xiaoping and present-day China. Bo Yibo said the album is also an important reference material in the study of party history. Hu Qiaomu predicted that the album, published in various languages, will certainly be well received by readers of various nations.

The picture album was compiled by the Party Literature Research Center and the XINHUA News Agency and was published by the Party Literature Press. Editors in chief of the album are: Li Qi, Mu Qing, and Feng Xianzhi. Deputy editors in chief were: Yang Shaoming and Pan Rongting. The 500 pictures in the album, of which more than 50 percent were published for the first time, were selected from tens of thousands of pictures. It contains a 20,000-word biography that was also published for the first time. The Chinese and English editions of the album are already off the press. French, German, Japanese, and other foreign language editions will also be available.

Veteran comrades who care for and support the publication of the album; notables from literary, art, photography, education, science and technology, journalistic, and publishing circles in the capital; and responsible comrades of the PLA, 250 in all, attended today's ceremony.

Includes Thoughts on Mao

*OW270959 Beijing XINHUA in English 1505 GMT
26 Feb 88*

[Text] Beijing, February 26 (XINHUA)—A picture album reflecting the 70-year revolutionary career of Chinese leader Deng Xiaoping rolled off the press today.

The album, published in both Chinese and English editions, contains a 20,000-word biography and 500 pictures with captions amounting to another 30,000 words.

The biography is the most complete, accurate introduction of Deng printed by mainland publishers.

It describes how Deng, while studying in France, wrote articles criticising imperialism and anti-Marxist theories in the magazine RED LIGHT, the mouthpiece of the European branch of the China Socialist Youth League.

Deng's comrades at the magazine called him "Doctor of Print" because of his fine writing style.

Deng went on to study in the Soviet Union. One of his classmates was Chiang Ching-kuo; another was Feng Funeng, elder daughter of the famous Chinese General Feng Yuxiang.

More than half of the 500 pictures are published for the first time and date back to March 1921.

Many show Deng at home, in daily life, with his family and friends. There are wartime shots with his wife Zhuo Lin and photos of him playing billiards, cards, swimming, and mountain-climbing.

There are also photos of Deng meeting delegates from the research Center of Strategic and International Studies from the Georgetown University of the United States when he uttered his formula for reunification: "one country, two systems."

Included, too, are some pictures shot by Deng's daughter when he was doing forced labor in Jiangxi Province during the ten-year "Cultural Revolution."

The album divides Deng's revolutionary life into two periods: before the death of Mao Zedong and after Mao's death, especially after the 3d Plenary Session of the 11th CPC Congress in 1978 when Deng instituted measures to introduce reforms and an open policy.

The album provides insights into Deng's appraisals of the late Chairman Mao, too.

"Without Chairman Mao, the Chinese people would have to search in the darkness for a longer time," Deng once said. "His greatest contribution is to combine the theory of Marxism and Leninism with the practice of Chinese revolution and point out the way to the victory of the Chinese revolution."

Zhou Enlai Memorial Books To Go on Sale 5 Mar

*OW291148 Beijing XINHUA in English 0214 GMT
29 Feb 88*

[Text] Beijing, February 29 (XINHUA)—Two volumes of the works of the late Premier Zhou Enlai and a collection of articles in memory of him will go on sale nationwide March 5, the 90th anniversary of his birth.

One volume contains 300 personal letters written between April 1918 and July 1975. With footnotes the volume runs to 340,000 Chinese characters.

Most of the letters are published for the first time. Ten have been selected by Zhou's widow, Deng Yingchao, including one written in March 1975 when Zhou mentioned in detail his cancer and the medical treatment he was receiving.

The other volume contains 78 of Zhou's inscriptions and 36 letters demonstrating his calligraphy.

The memorial to Zhou contains 60 articles totalling 440,000 Chinese characters and 13 photos.

The articles were written by revolutionary veterans such as Marshal Nie Rongzhen, Bo Yibo and Wang Renzhong, and Zhou's widow, Deng Yingchao.

Some depict how Zhou Enlai led Chinese scientists in developing atom bombs and guided missiles.

Chen Yun, chairman of the CPC Central Advisory Commission, inscribed the book title and Chinese President Li Xiannian wrote the preface.

All three books have been compiled by the Literature Research Center of the Chinese Communist Party (CPC) Central Committee. The central archives had a hand in putting together the volume on inscriptions.

Li Xiannian Writes Preface

*OW291204 Beijing XINHUA in English 0223 GMT
29 Feb 88*

[Text] Beijing, February 29 (XINHUA)—Chinese President Li Xiannian has called on government officials to follow the example of the late Premier Zhou Enlai in serving the people wholeheartedly and daring to make self-criticisms.

He made the call in the prelude he has written for the book, entitled "Endless Remembrance", to be on sale from March 5, the 90th anniversary of the late premier's birth.

Zhou worked at least 12 hours every day in scores of years before the "Cultural Revolution" broke out in 1966, recalls Li, a former vice-premier.

Writes Li: "He often worked until daybreak to instruct distribution, transport and storage of grain to ensure grain supplies for the urban dwellers during the 1959-62 period when the country was in economic difficulties.

"He personally computed the amounts of grain to be stored and transported, and telephoned provincial leaders. He did not go to bed until proper arrangements were made."

During the "Cultural Revolution" (1966-1976), Premier Zhou usually rested only two to three hours. Even when his conditions became critical, he still attended to state affairs and did everything in his power to resist the sabotage by Lin Biao and the "Gang of Four".

"He dedicated all his attention and energy to work because he had a high sense of responsibility for the cause of the party and government and he cherished an ardent love for the people," Li says.

Li describes the late premier as a "man strict with himself", saying that Zhou always sincerely and repeatedly criticized himself for a major mistake.

"In making self-criticism, he never stressed objective reasons and instead sought the root cause of his mistakes from the stand, viewpoints and methods.

The late premier always assumed his personal responsibility for the mistakes in the work of which he was in charge and never shifted the responsibility onto others.

"Comrade Zhou Enlai upheld principles because he had no selfish motives and had in his heart only the interests of the party, the state and the people, as well as the lofty ideal of communism."

President Li also praises the late premier for being good at uniting others, treating them on an equal footing and soliciting different views.

"Today, China is building socialism and pursuing the policies of reform, opening to the outside world and invigorating the economy, and things are more complex than ever," says Li. "Only by soliciting views from different quarters, is it possible to avoid mistakes in making major policy decisions."

Meeting on Handling People's Petitions Held

*OW280251 Beijing XINHUA Domestic Service
in Chinese 0755 GMT 26 Feb 88*

[Text] Beijing, 26 Feb (XINHUA)—The general offices of the CPC Central Committee and the State Council recently transmitted the outline of a discussion meeting on handling petitions and visits from the people in 16 provinces and municipalities. They urged all localities and departments to earnestly handle petitions and visits from the people in the course of economic and political reform. Departments at all levels in charge of this work should take the initiative to understand and report on the progress, situation, and problems of reform as well as suggestions for improvement. They should strive to turn their departments into windows through which to study the sentiments of the society and the people.

The discussion meeting, which was held in Beijing in mid-December last year, noted that since the national discussion meeting on handling petitions and visits from the people in 1986, all localities and departments have handled many petitions and visits from the people to fulfill party and government tasks accordingly. Remarkable results have been made. For instance, much information has been collected from the people's petitions and visits; practical problems of some people have been solved through active cooperation with the departments concerned; the handling of people's petitions and visits have improved; civility in receiving the masses has been encouraged; and theoretical explorations related to the handling of people's petitions and visits made. As a result, the number of petitions and visits from people asking for solutions to practical personal problems is somewhat lower, as is the number of petitions to the central authorities that bypass the provincial, autonomous regional, and municipal authorities. Statistics of

the bureaus handling petitions and visits under the general offices of the CPC Central Committee and the State Council, as well as of the 16 provinces and municipalities represented at the discussion meeting, showed that from January to November 1987, the number of petitions and visits from the masses was 14 percent lower than the same period in 1986. Having earnestly implemented the instructions of the party Central Committee and the State Council on handling people's petitions and visits, all localities and departments have facilitated the implementation of party policies, expedited the process of reform and opening to the outside world, safeguarded stability and unity, helped to overcome the bureaucratic work style of leading organs, and mobilized positive factors among the masses. However, some localities and departments still have not acquired a common understanding of this work, and progress has been uneven. Fresh efforts are required so that the handling of people's petitions and visits will keep up with the demands of the new situation.

The meeting noted that the basic line, strategic tasks, and major policy decisions laid down by the 13th CPC National Congress have explicitly charted the course of advance and set even higher demands for handling people's petitions and visits. Particularly noteworthy are the ideas on establishing the system of social consultations and dialogue, on perfecting socialist democratic politics, and on strengthening the socialist legal system.

Handling people's petitions and visits is an important task of the party and government in strengthening ties with the masses, as well as an important approach for leading organs and cadres at all levels to understand the sentiments of the society and the people, draw on the masses' wisdom, and solve their problems. It is also an important channel for leading organs and cadres to accept the masses' supervision and hold dialogues with the masses. At present the old system is being replaced by the new, the legal system is not yet perfect, and management and supervision in all work still cannot keep pace with the development of the situation. Under these circumstances, we should earnestly handle people's petitions and visits, guarantee an unclogged channel so that petitioners and the authorities can communicate and understand each other, support and protect the correct opinions and legal rights and interests of the masses, and dispel worries and doubts. These are of significance to mobilizing and organizing the masses to speed up and intensify reform. Handling people's petitions and visits will be a heavier, rather than lighter, task in the future. We should understand the prolonged and important nature of this work by realizing the need for the people to be masters of their own affairs, the need to develop socialist democratic politics, and the need for leading organs to make policy decisions in a scientific manner. Leading organs at all levels, party and government organs in particular, should correctly value the work of handling people's petitions and visits, give this work an appropriate place on their agendas, exercise more effective leadership over this work, and develop it

into a convention to be adhered to. Comrades engaged in this work should enhance the awareness to wholeheartedly serve the people, wage a hard struggle, and strive to create a new situation in this work through conscientious efforts and diligence.

The meeting noted that in handling people's petitions and visits, it is necessary to firmly implement the party's basic line, reinforce vocational ethics, perfect rules and regulations, unclog all communication channels, safeguard stability and unity, respect the masses' legal rights and interests, and orient toward reform and opening to the outside world as well as toward leading organs and the people. Therefore, work in the following fields should be emphasized:

1. Step up investigations and studies, collect more information from people's petitions and visits, and promptly and accurately report important developments, problems, and suggestions to leading organs by taking into consideration the actual situation of reform and opening to the outside world, and the situation in handling people's petitions and visits;
2. Take the initiative to work with the departments concerned to induce and enlighten the petitioners, promote coordination, correctly handle the problems among the people, and safeguard stability and unity; and
3. Respect the masses' legal rights and interests, and actively cooperate with the departments concerned to solve the masses' practical difficulties in accordance with laws and policies.

The meeting noted that since the 3d Plenary Session of the 11th CPC Central Committee, the substance, initiators, and scope of petitions have undergone remarkable changes thanks to the efforts to restore order from chaos, redress unjust, false, and wrong cases; and implement the party's policies in all areas, the reform and open policies in particular. There are now more cases related to economic problems, problems in cities and towns, and problems in dealing with foreigners. To make the handling of people's petitions and visits keep up with the new situation, we should be realistic, exploit the advantages, eliminate the disadvantages, and successfully reform the work of handling people's petitions and visits.

The meeting urged all departments handling people's petitions and visits at all levels to firmly foster the idea that the people are the masters of their own affairs, to receive them with courtesy, to earnestly handle petitions, to unclog communication channels, and to provide conveniences for the masses to offer suggestions, lodge complaints, and exercise democratic supervision. It is necessary to uphold the principle of sharing responsibilities among different levels and designating a pertinent department to handle a relevant case, and to perfect the measures for implementing this principle. It is also

necessary to effectively collect information from people's petitions and visits, widen the channels for acquiring information, undertake comprehensive research, and strive to improve the quality of information. To gradually perfect the rules for making petitions and visits, it is necessary to proceed from actual conditions, study the measures for educating and managing the petitioners, adopt a comprehensive approach to handle the situation, and establish a good order for the people to make petitions and visits. To improve the quality of cadres handling people's petitions and visits, it is necessary to adopt different methods to train cadres in this work at different levels by stressing political quality, reform awareness, knowledge of economic work, and ability to act in accordance with the law.

Consultation, Dialogue Principles Discussed

HK270940 Beijing RENMIN RIBAO in Chinese
12 Feb 88 p 5

[Article by Hu Jiwei (5170 4921 0251): "Several Principles Governing Social Consultation and Dialogue"—originally published in XINWEN ZHANXIAN (PRESS FRONT), issue No 1, 1988, and "slightly revised" by RENMIN RIBAO—passages in boldface as published]

[Text] The report to the 13th CPC National Congress points out: "The basic principle for establishing a system of consultation and dialogue is to carry on the fine tradition of 'from the masses, to the masses,' and to make public the activities of the leading bodies, letting the people know about important events and discuss important issues." This basic principle can be elaborated from the principles of democracy, of opening up, of consultation, and of supervision. These principles are closely interrelated, and cannot be separated from one another. They are suitable for all consultations and dialogues. They are an effective means for promoting socialist democratic politics.

The principle of democracy. Just as the report to the 13th CPC National Congress stresses: "The essence of socialist democracy is that the people are masters of the country, genuinely enjoying all citizens' rights and the power of administering the state, enterprises, and institutions." So-called "letting the people know about important events" means ensuring and protecting people's right to know about important events. So-called "letting people discuss important issues" means ensuring and protecting people's right to discuss administrative matters. Truly exercising their rights of knowing about important events and discussing administrative matters will enable the people to exercise their right of participating in politics. These are important conditions which will guarantee that the people genuinely exercise their right of administering the state and society. Comrade Deng Xiaoping has said: Our leading organs at various levels have taken charge of many matters which they should not and cannot handle, or cannot handle efficiently. Through consultation and dialogue, we should increase the consciousness of the people of being

the masters of their own affairs, and enhance their capability in self-government. Many matters should be discussed and solved by the masses themselves. In this way, our party and government organs can avoid taking charge of matters which they should not and cannot handle, or cannot handle efficiently. They can greatly reduce their staffs, and concentrate their efforts on handling matters which they must handle. Bureaucratism can naturally be lessened.

To promote consultation and dialogue, we should persist in the principle of democracy that each and every citizen enjoys equal political rights. Leading cadres at all levels are representatives and leaders of the masses. At the same time, they are part of the people. Since they lead the activities of the state and the society, they naturally have certain powers in their hands. However, their power is vested in them by the majority of the people through particular legal procedures. The people supervise them when they are exercising their power. Leading cadres enjoy citizens' rights completely equal to those of other citizens. In other words, the masses have the right to know about important issues discussed and decided by leading organs at all levels, with the exception of some special matters. Leading cadres at all levels have the duty to tell the masses about matters which they discuss and decide. They have no right to prevent them from knowing these matters. No restrictions should be imposed on the discussion, praise, criticism, or even divergent views of the people provided that they do not go beyond the scope permitted by the law. Even if the views are wrong, people should be allowed to air them, or to have their reservations. Everyone, whether leaders or masses, and whether in a majority or a minority, is completely equal. It is only when more and more of the masses, and leading cadres at all levels in particular, accept these principles ideologically, institutionally, and legally that we can ensure normal progress in consultation and dialogue, and achieve practical results in this regard.

Some comrades are greatly worried about the possibility that free discussion will cause ideological confusion, and adversely affect unified action. Actually, our purpose in carrying out discussion and criticism is not to quarrel over trifles. After understanding the facts and independently expressing their views and opinions, those who participate in the discussions will follow the principle of the minority being subordinate to the majority, and of obeying the decisions of the majority. Instead of causing confusion, free discussion is a foundation for unifying the will of the majority of people. It is also a reliable guarantee for unified action. This is the principle of "free discussion and unified action" repeatedly stressed by Lenin.

The principle of opening up. This also means the principle of openness which we often talk about. Stressing a higher degree of openness in the activities of the leading organs is a relevant principle and measure adopted by the party and government which ensures that people enjoy their right to know about important events. It is

also a prerequisite for the realization of democratic rights such as the right to vote, the right to discuss and participate in politics, and so on. Lenin's article "What Is To Be Done?" laid the theoretical foundation for the Bolshevik Party. In this article, Lenin regarded "complete openness" and "all posts based on election" as the two necessary conditions for the "principle of extensive democracy." He said: "It is ridiculous to talk about a democratic system without openness." Thereafter, whenever Lenin talked about the functions of revolutionary state power, he stressed: "This state power is open to all. It handles everything in the presence of the people." This further shows that people have every reason to regard such openness as a sign of carrying forward socialist democracy, and to take openness in the mass media as an improvement and progress in political democracy.

Since the 3d Plenary Session of the 11th CPC Central Committee, our party has implemented a correct basic theory, line, and guiding principle. Generally speaking, the party and government leading organs handle matters with care. They wish to do their work well out of their sense of responsibility. The majority of our masses listen to reason, and can reason things out. They support the party and the government. As long as we truly go about things according to law and system, avoid unhealthy trends, and constantly tell people the true facts, they will make allowances for the difficulties of the government's work once they understand the arduousness, complexity, achievements, and mistakes of the reform. After making a basic appraisal in the above-mentioned two aspects, we have full confidence and every reason to enhance the degree of openness.

With such self-confidence, we are truly able to implement the principle of opening up and to avoid telling lies, speaking in platitudes, and stalling with official jargon. With such self-confidence, we are able to seek truth from facts, to do our work conscientiously, and to be sincere with and to have faith in the masses. The masses will in turn be sincere with and have faith in their leaders. We should encourage the people so that they will be bold and willing to tell their leaders the truth and to actively accomplish various tasks.

The principle of consultation. What we want to establish is a system of consultation and dialogue. In other words, the principle of consultation does not mean merely delivering a report, or making a speech. It does not mean just answering people's questions, or forcing them to listen to what we say. It does not mean giving people lectures, or compelling them to submit. People are allowed to ask questions, and answers will be given to them. Everyone is allowed to express his views freely. There are consultations, explorations, criticisms, or even disputes. They are conducted in an atmosphere of equality, sincerity, harmony, and unity under the guidance of the spirit of seeking common ground while reserving differences, and of carrying out mutual consultation and mutual study and making joint efforts to carry out

investigation and to raise each other's levels. Efforts should be made to correct each other's shortcomings, and to make up for each other's deficiencies. With regard to problems on which identical views are difficult to reach, the parties concerned should respect each other, seek common ground while reserving differences, and continue to make exploration. This principle of consultation is a matter of special significance to the establishment of social democracy. It is because in our socialist society, the basic interests of all people throughout the country are identical. Therefore, through consultation and dialogue, consensus can be reached. Sometimes, it is difficult to reach unanimity on some questions. But people will reach an understanding through seeking common ground while reserving differences.

We should realize that our theoretical, literature and art, and press fields are, very often, shrouded in a depressing atmosphere. It is difficult for people to emancipate their minds. They do not dare to conduct criticisms boldly. Contention on academic theories is not active. All this is usually connected with the practice of "what I say counts" in the study, discussion, and propaganda of academic theories and political thinking, and with the habit of launching political movements. This violates and undermines the spirit of democracy and consultation, and seriously harms the consolidation and development of the political situation of stability, unity, and vividness. In his report delivered at the 13th CPC National Congress, Comrade Zhao Ziyang stressed: "We must encourage people to explore new paths in practical work and to adhere to the policy of 'letting a hundred flowers bloom and a hundred schools of thought contend' in theoretical research." He added: "Without exploration, without innovation, and without comparison between different experiments and contention between different views, our cause will be lifeless." Our party has always advocated the double-hundred policy, and needed particularly the spirit of unity and consultation. Only thus can we create a political situation of stability, unity, and vividness, which we have been seeking for many years.

The principle of supervision. I wish to talk briefly about a basic issue concerning our party newspapers. For a long period in the past, we only stressed that they are the mouthpieces of the party. We neglected the fact that they are also the eyes and ears of the party. In other words, we regarded our party newspapers only as a tool for educating, leading, and guiding the people. They were taken only as a tool for the people's acceptance of the education and guidance of the party. As a result, we forget, or neglect the fact, that our party newspapers are the eyes and ears of the party, and that they are a tool for the party leading organs at all levels and all cadres to know what is going on at the lower levels, and to listen to public opinion. They are also the mouthpieces of the people—a tool for reporting conditions at the lower levels to the higher authorities, and for airing views. I think that we should have the following correct and comprehensive view of party newspapers. Through party

newspapers, the party educates and leads the people. Through party newspapers, the party knows the conditions at the lower levels, and listens to public opinion. Through party newspapers, people understand the policy and guiding principle of the party, accept the education, and follow the commands of the party. Through party newspapers, people report to leading organs and cadres at all levels their conditions, advance their suggestions, make criticisms, put forward their demands, and express their views. On the eve of nationwide liberation, Comrade Liu Shaoqi uttered the following terse and lively remarks: Party newspapers and working personnel of these newspapers are the "eyes, ears, and mouthpieces of the party and the people." This is a comprehensive and vivid summation of the basic tasks of our press. It is a pity that for a very long period in the past, very often we only stressed one of the tasks, and forgot or neglected the others. This one-sided view should be changed. At present, we should particularly stress that our press media is the eyes and ears of the party, and the mouthpiece of the people, and that through the press the party places itself completely under the supervision of the masses. It is only when the people exercise their sacred right of supervision that the mass media can truly give play to its supervisory role.

Paper Views Understanding of 'History Makers'
HK280740 Beijing RENMIN RIBAO in Chinese
22 Feb 88 p 5

["Press Digest": "The Third Breakthrough in the Understanding of the Question Concerning 'History Makers'" —excerpted from an article by Wang Xuedian (3769 1331 3068): "On the Discussion on 'History Makers'" carried in WENSHIZHE No 1, 1988]

[Text] Historians' circles have conducted three major polemics on the question of "history makers" since the founding of the PRC. The polemics focused on the question of whether the exploiters and oppressors as a class participated in the making of history and their due place in such history making.

In the historiography of modern Chinese history, the concept of history making characterized by nullifying the roles of the exploiting class, emperors and kings, generals and ministers was by no means imported in the late 1930s. Actually, such a conception was budding when Marxists began to transform China's traditional study in the science of history. This was proven in some of the discussions of Li Dazhao [2621 1129 6856]. During the war of resistance against Japan, the deviation existing in the question of history makers was further developed and found expression in the "theory of the peasants being the motive force;" in effect that, in Chinese feudal society, only the peasants and the peasants' uprisings were the motive force in history making. This theory was in vogue at that time. The basic shortcoming of this theory was the nullification of the role of the feudal exploiting class in the history making of feudal society. Under the guidance of such a theory, a trend generalized by Fan Wenlan [5400 2429 3482] as "one-sided

antifeudal" emerged in historical research prior to the founding of the PRC. This trend went to extremes in the 1958 "revolution in the science of history," which directly led to the polemics centering around historicism in the early 1960s.

The polemics on historicism were in essence how to deal with the history makers of feudal society. Those who upheld historicism, including Jian Bozan [5054 0130 6363], proposed that it was necessary to historically treat the history makers of feudal society and to acknowledge the roles of the feudal exploiting class and their mental workers in pushing history forward as well as the basic fact that "the working people participated in history making under the condition of their suffering from exploitation and oppression." The proposal of these views was the first breakthrough in the conception of history making, which came into shape in the period of the democratic revolution. However, despite the fact that Jian Bozan and his school wanted to resolve the question of the history makers of the feudal society, they were shackled by the "theory of the peasants being the motive force." Anyway, the discussion was one on the "theory of the peasants being the motivating force" itself, and on whether the theory was right or wrong. Thus the second breakthrough in the popular conception of history making in the wake of the polemics on historicism was made. After discussions, an increasing number of people accepted the following views: 1) Regarding the question of the history makers of Chinese feudal society, there was an actual need to reevaluate, with historical facts as the yardstick, the "theory of the peasants being the motive force," which had been dominant for half a century. And, 2) The theory of "vindicative counterattack" fit in closely with the intention of those who upheld the "theory of the peasants being the motive force," and therefore its effects must be liquidated. At the same time, the "theory of concession" was also a "leftist theory" which must be reassessed. The discussion on the question of the motive force of history aimed to answer the question of who were the history makers of Chinese feudal society. However, in doing so, some discussions were obviously restricted by the general proposition "the masses are the makers of history." In recent years, Li Shu [7812 3412] has continued to write articles criticizing this proposition, which has a long history as well as deep and wide effects. Thus was realized the third breakthrough in the understanding of history makers since the founding of the PRC. Many points in Li Shu's argument surmounted the ethical interpretation of history that had dominated the historians circles for many years. With its spread into China, the materialist interpretation of history was accepted by many, but not without selection, change, and re-creation against its oriental cultural background. Consequentially, the proletarian interpretation of history was replaced by the ethical interpretation of history without being noticed. Dominated by the ethical interpretation of history, the exploiting classes, especially the landlords, were driven out of the contingent of history makers. Li

Shu's argument has shown that the materialist interpretation of history is being restored.

However, some of the points in Li Shu's argument are far from thorough and fail to finally resolve the question of history makers. In his view, the history of production was made by the laborers, and history otherwise was made by non-laborers. The shortcoming of his argument lies in neglecting class exploitation in discussing the history making of production in a civilized age. In the history of past civilizations, the development of production was chiefly pushed forward by class exploitation itself, and the history of production was created by both the working class and the exploiting class.

UNITY JOURNAL Discusses Political Reform
HK290158 Beijing CHINA DAILY in English
29 Feb 88 p 4

[Text] As an important component of political reform, China should institutionalize the political consultation and democratic supervision between the ruling Communist Party and other democratic parties, according to the UNITY JOURNAL, a newspaper of the Revolutionary Committee of the Kuomintang, one of China's democratic parties.

A signed article by Ge Xiang in the newspaper urged recently that necessary legislation be made to guarantee the function of the Chinese People's Political Consultative Conference (CPPCC).

The CPPCC is a united front organization of the nation's political parties. There are nine parties in the nation and each of them has its own representatives in the organization. Political consultation and democratic supervision are the most important functions of the CPPCC.

Although the CPPCC has a greater say in State policy-making and implementation in recent years than ever before, there still exist problems to be solved so that the organization could play its role fully in the present political reform, the paper said.

The major problem is there is not a practicable and relevant system to ensure the CPPCC's consultation and supervision.

For example, the report on government work usually is not available to delegates to local CPPCC branches, therefore, it is impossible for them to make some pertinent suggestions about the report during the meeting. And the suggestions are often discussed in a very limited time. The result is that the so-called consultation and supervision become only a formality.

So the State should work out a system to system to stipulate the content, range and procedure of the consultation.

Second, a system of supervision should be established to handle the motions, suggestions and criticism of the delegates. The authority of the CPPCC delegates should also be defined in detail by law.

It should be specified in law what important State affairs the CPPCC delegate should know about, what State documents they should have access to and what meetings they are entitled to attend.

Only by relying on law, can the role of consultation and supervision of the CPPCC be safeguarded.

The Organization Law of the CPPCC should stipulate the rights and duties of the CPPCC and define the relations between the CPPCC and the Party and government.

The CPPCC is a think tank with various kinds of research and scientific talent. Most of its proposals are usually made after careful studies and have much new information with social, political and economic value for State policy-making.

The Party and government should foster a harmonious atmosphere in which personalities of various circles can speak their minds freely.

Moreover, the Party and government should seriously listen to the opinions and suggestions of personalities of various circles, and instruct relevant departments to handle and to reply to their inquiries. Key motions must be given attention by leading cadres.

Zhao Ziyang Stresses Prosperity, Honesty
HK270938 Beijing ZHONGGUO XINWEN SHE
in Chinese 0830 GMT 27 Feb 88

[Text] Guangzhou, 25 Feb (ZHONGGUO XINWEN SHE)—When carrying out inspection work in Guangdong Province during the Spring Festival, Zhao Ziyang, general secretary of the CPC Central Committee, repeatedly stressed: "Our economy must be prosperous, and our government honest."

Today's NANFANG RIBAO reports that Zhao Ziyang praised the great achievements of Guangdong in reforms, opening up, and economic invigoration. He said: In the past people had this or that kind of misgivings about reforms. Now their misgivings have been basically dispelled, or reduced. All people believe that Guangdong has made great achievements in reform.

Now, the central authorities have worked out some policies. Guangdong, as an experimental area in comprehensive reform, should open up a bit more, take greater strides, establish and perfect its mechanisms of market regulation, and further develop its commodity economy. The new guiding principle and policies formulated by

the central authorities will enable Guangdong to continue to maintain its leading position in the whole country in future development.

While talking about experiences gained by China in reforms and opening up, Zhao Ziyang emphasized: There is an issue of concern among the people of the whole country and the whole party, that is, how to achieve as good results in building spiritual civilization as in building material civilization in the course of developing commodity economy. While deepening its reform and expanding its efforts to open up to the world, Guangdong should consciously assign this question an important place on the agenda and provide good experience in promoting spiritual civilization and in improving party style and social mood.

While talking about the experience and lessons of some countries in their modern history of economic development, Zhao Ziyang pointed out: China is now in the initial stage of socialism. While laying stress on developing commodity economy and strengthening regulation by market mechanism, we must keep cool heads and refrain from extravagance, waste, and ostentation. It is essential to be honest in performing official duties.

Zhao Ziyang said: Government organs must be honest, and their work personnel must be honest. This is a problem to be resolved in the course of political structural reform. To guarantee economic prosperity and the honesty of government, it is imperative to work hard in many fields, including the strengthening of political and ideological work, reform of the personnel and wage systems, improving the quality of government workers, making complete and perfect the law and discipline, and setting up the system of mass supervision.

On the issue of how to conduct further opening of coastal areas, Zhao Ziyang said: The cooperation with foreign businessmen will be reliable and will last only on the basis of mutual benefits. It is necessary to educate the cadres and masses not to be jealous of the legitimate profits foreign businessmen make, because we also benefit when they make profits. In the future, we should advocate the establishment of more individually run enterprises [du zi qi ye] and the application of advanced technology, while importing foreign capital to transform existing enterprises in the form of joint ventures with both Chinese and foreign investment, so as to speed up their technological transformation. In enterprises of both Chinese and foreign investment, it is necessary to respect the system of managerial responsibility under the leadership of the board of directors.

During his inspection in Guangdong, Zhao Ziyang also met Hong Kong celebrities Mr Henry Fok and Mr Gordon Twu separately.

Wang Renzhong Urges Economic Stability, Reforms
HK270209 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 26 Feb 88

[Excerpts] NPC Standing Committee Vice Chairman Wang Yenzhong inspected work in Hubei from 24 to 26 February. He stressed that it is essential to solve the contradictions on the advance ahead by stabilizing the economy and deepening the reforms.

While in Wuhan, Comrade Wang Renzhong heard reports on the province's economic work and the work of the Hubei Provincial People's Congress Standing Committee. [passage omitted] He said that the province's economic situation is good. He also held discussions on wages, prices, and housing reforms, and the building of democracy and legal system.

Comrade Wang Renzhong said: We have no ready-made experiences to refer to in carrying out our reforms. The reforms will encounter difficulties. However, these are just difficulties on our advance. We have no need to conceal the contradictions. We must face them squarely and solve them by stabilizing the economy and deepening the reforms.

He stressed: We must uphold the spirit of arduous struggle and build the country with diligence and thrift. We must also explore the use of legal methods to oppose and curb extravagance and waste.

On the question of party style, Comrade Wang Renzhong said: Our revolution and construction could not have succeeded without a good party style. He proposed that the party committees at all levels get a good grasp of typical examples in building party style and gain some experiences from them. [passage omitted]

Wang Renzhong demanded that Hubei's NPC deputies seek the masses' views and reflect them to the imminent Seventh NPC. Apart from raising problems, they should also propose ways of solving them. He particularly demanded that everyone be more concerned for the enterprise law, to be discussed at the NPC, and seriously consider how it should be revised, to ensure that this law will better suit China's actual conditions and can be properly implemented after its enactment.

After inspecting the Wuhan diesel motor plant on 25 February, Comrade Wang Renzhong praised the plant for creatively learning advanced foreign management experiences and establishing very strong quality consciousness and concept of economic returns. He encouraged them to advance toward advanced world standards.

Guan Guangfu, Guo Zhenqian, Huang Zhizhen, Wang Kewen, Zheng Yunfei, and other leading comrades of the provincial party committee, Advisory Commission, People's Congress Standing Committee, and government, and of Wuhan City accompanied Comrade Wang Renzhong during his inspection. [passage omitted]

Leaders Attend Memorial Service, Send Wreaths
OW280627 Beijing XINHUA Domestic Service
in Chinese 1453 GMT 26 Feb 88

[Text] Beijing, 26 Feb (XINHUA)—Nearly 1,600 people of all walks of life in the capital went to Beijing Hospital this afternoon to pay their last respects to the remains of Comrade Xu Dixin, a long-tested loyal communist fighter of our party, a famous Marxist economist, a social activist, and a Standing Committee member of the Sixth National People's Congress.

Comrade Xu Dixin died of cancer in Beijing on 8 February 1988 at the age of 81.

Placed around the mourning hall were wreaths from Zhao Ziyang, Deng Xiaoping, Li Xiannian, Chen Yun, Peng Zhen, Jiang Zemin, Yang Shangkun, Hu Yaobang, Wang Zhen, Xi Zhongxun, Cheng Zihua, Wei Guoqing, Hu Juewen, Xu Deheng, Wang Renzhong, Zhu Xuefan, Fang Yi, Yang Chengwu, and other leading comrades.

Comrade Xu Dixin lay peacefully among flowers. His remains were covered with the flag of the Communist Party of China and surrounded by wreaths from his family members.

Amid funeral music, Li Peng, Deng Yingchao, Hu Qili, Yao Yilin, Wan Li, Li Tieying, Li Ximing, Song Ping, Bo Yibo, Song Renqiong, Rui Xingwen, Yan Mingfu, Zhang Jingfu, Chen Pixian, Hu Qiaomu, Huang Hua, Peng Chong, Zhou Gucheng, Yan Jici, Rong Yiren, Gu Mu, Song Jian, Zheng Tianxiang, Yang Jingren, Kang Keqing, Hu Ziang, Zhou Peiyuan, Wang Guangying, Fei Xiaotong, Zhao Puchu, Qu Wu, Ma Wenrui, Qian Xuesen, Lei Jieqiong, Wang Feng and other leading comrades paid their last respects one by one to the remains of Comrade Xu Dixin. Holding the hand of Fang Zhuofen, wife of Xu Dixin, Comrade Deng Yingchao said: Comrade Dixin worked hard. He fulfilled his duties.

There was an elegiac couplet in front of the mourning hall which read: "Pondering the rapidly changing situation in the past half century, he worked hard for XINHUA RIBAO by using his brilliant pen. Going through the decade-long catastrophe together, we always recall the past, and cry for him with whom we shared aspirations and encouraged each other." This couplet reflected the grief of many people in the academic field.

The NPC Standing Committee; the Organization Department, the Propaganda Department, and the United Front Work Department of the CPC Central Committee; the Shanghai Municipal CPC Committee

and the municipal government; the Guangdong Provincial CPC Committee, the Standing Committee of the provincial People's Congress and the provincial government; various democratic parties; and various units and organizations at the central government level presented wreaths.

Hoang Van Hoan and some public figures abroad also presented wreaths.

Beijing Opens First Citywide Labor Exchange
HK290935 Hong Kong SOUTH CHINA MORNING POST
in English 29 Feb 88 p 1

[From Seth Faison in Beijing and REUTER]

[Excerpts] Beijing opened its first city-wide labour exchange centre yesterday, signalling another step towards reforming China's cumbersome employment system.

More than 1,000 people looking for job changes crowded the centre, where 20 work units sent representatives to look for skilled labourers—mostly electricians, mechanics and metal workers.

By the end of the day, 326 had signed agreements.

Coincidentally, the Government was promising a shake-up of its bloated government bureaucracy, urging a sense of national crisis as the country fell further and further behind the developed world.

Communist Party chief Zhao Ziyang was quoted by The PEOPLE's DAILY as telling a Japanese newspaper delegation that some government departments would be abolished or merged and new ones established, to meet the changes in the economy. [passage omitted]

Back at the labour exchange, officials conceded that China's system of assigning workers to most industrial and government jobs caused long delays in providing workers to factories with growing labour needs.

Government surveys also estimate that about 20 per cent of the city's workforce are in jobs inappropriate to their training, said the vice-director of the Beijing Labour Bureau, Mr Zhao Fengyong.

And these figures do not include unemployed workers, widely believed to be far more numerous than the official "waiting for work" rate of two per cent.

China's economic reforms have led to changing labour needs in factories and rural enterprises and the new centre marks an effort to speed the process of matching employers with workers.

Many one day "job fairs" were held by the bureau last year and three labour centres have opened in separate parts of the city since July. Yesterday, however, signalled the first permanent city-wide centre.

"We'll be open every day," Mr Zhao said.

But those who showed up yesterday probably represent a fraction of the city's workers who want a job change for better salary, working conditions, or location.

Job changes require approval by any individual's work unit, which are often reluctant for their own reasons to allow their workers to leave, particularly the talented ones.

The centre was not set up to help workers trying to change jobs without the approval of their units, but Mr Zhao claimed that about half the job seekers simply wanted a work location closer to their homes.

Beijing's increasingly mobile workforce led to the issuing of new regulations in December that specify a fine of about \$20,000 [for] a factory found hiring workers who illegally left their former unit.

Increasing strain on the job assignment system caused by China's economic reforms would not lead to scrapping it, Mr Zhao said.

One social disadvantage of loosening the Government's assignment system, however, may be male-oriented bias that some work units will be able to assert as they look for new workers.

"Women have more duties at home. It won't always be convenient for them to take jobs offered here," Mr Zhao said. Many of the units who went to the centre looking for workers yesterday did not find willing workers so easily.

"We're looking for 20 drivers and 10 mechanics," said Mr Chen Jie from a lamp factory on the city's outskirts.

His offer of \$440 a month did not impress a handful of applicants gathered around.

"I earn more than \$660 already," scoffed one mechanic. [passage omitted]

Paper Says 'Annexing' Firms Helps Economy
HK290146 Beijing CHINA DAILY in English
29 Feb 88 p 4

[Text] Enterprises in China are now allowed to buy, or "annex" other ones, the newspaper ECONOMIC INFORMATION reports.

Beijing and Shenyang have been preparing to set up auctions for the sale of enterprises, it said.

Wuhan, Jilin Province and Kaifeng are to follow suit.

The Ministry of Light Industry has issued two documents giving its consent to the buying the selling of businesses under it.

Since 1986, enterprises with a strong economic base have begun to "annex" their counterparts long in the red.

In April 1987, for instance, the Natural Gas Chemical Plant in Luzhou, Sichuan Province took over Luzhou Paper-making Mill.

In July, the Beijing Gear Wheel Factory purchased the Chaoyang District Metal Industrial Arts Factory for 5 million yuan.

In October the Heilongjiang General Land Reclamation Bureau bought a plastics factory in Jiamusi, Heilongjiang Province.

In some cases, rival enterprises are being annexed. In Wuhan, the Hankou Cloth Shoe Factory competed with Jianxin Children's Shoe Factory in the market, defeated and finally took over the latter.

In addition to direct sale, other ways of buying and selling enterprises have also emerged, such as buying the rights to run and receive the earnings of an enterprise for a certain period of time.

This new market for buying and selling enterprises has drawn widespread public attention in China, Economic Information said. Quoting the views of economists and government officials, it listed four advantages of the practice

Advantages [subhead]

First, it enables State assets to be better used. That is, well-operated businesses can enlarge their production while poorly operated businesses get a new lease on life when merged into better ones.

Second, it helps to bring about a re-structuring of enterprises, which should no longer be organized according to their locations or administrative leadership.

Third, it increases the beneficial results of investment.

Fourth, it may help to give full play to the regional advantages of different places. For instance, a tourist city might sell some of its industrial enterprises in order to invest in tourism.

Economist Dong Furen, head of the Economics Research Institute under the Chinese Academy of Social Sciences, said the transfer of property rights of enterprises marks a breakthrough in the theory of developing a socialist commodity economy.

Formerly, he said in an interview with ECONOMIC INFORMATION, economists in China saw annexation of enterprises as a fault of capitalist society, causing a concentration of production.

However, they now realize this concentration is unavoidable in developing a commodity economy.

The greatest advantages of allowing the transfer of property rights, Dong said, is that it encourages a constant flow of assets from enterprises that have less-than-average profit rates to those that have higher profit rates, boosting the vitality of the economy.

However, Dong pointed out there are also some problems, both theoretical and practical.

One is the ownership of enterprises. The transfer of property rights of one State-owned enterprise to another does not change its State ownership. The State, therefore, can still use administrative means to allocate the property of one enterprise to another. How can this be theoretically explained?

The other is seen in the flow of the labour forces. At present, when an enterprise is sold to another, the workers of the former automatically become the staff of the later. This is a makeshift arrangement, but it is difficult for enterprises to have new workers unless labour force is also regarded as commodities.

These and many other problems need to be studied, Dong said.

Foreign Debt Payment Issue Discussed
HK290905 Beijing ZHONGGUO XINWEN SHE
in Chinese 0925 GMT 27 Feb 88

[Text] Beijing, 27 Feb (ZHONGGUO XINWEN SHE)—According to a State Administration of Exchange Control document, if no effective control is exerted over foreign loans, China will face a situation in the early 1990's whereby huge amounts of debts must be cleared, and there will be a number of debt payment peaks.

The relevant officials in the State Administration of Exchange Control held that although present conditions for contracting and paying off foreign loans are good, foreign debts are increasing rather quickly. In particular, the time limits and interest rates for some loans were spontaneously fixed by the borrowers. So far there is still no special government institution to manage the loans. This will easily give rise to peaks in debt payments.

According to surveys the time limits for most loans arranged by the borrowers themselves are 2 to 10 years. These loans will certainly affect China's debt payment capacity. If there is still no effective unified management over the time limits and interest rates of the loans, in the early 1990's not only will the 10-year loans contracted

between the Chinese Government and foreign governments in the early and mid-1980's be due for clearing, but the loans with time limits of 5 to 7 years contracted at present will also have to be paid off. This will give rise to a debt payment peak. That is, China will have to pay huge amounts of foreign debt between 1991 and 1993. In particular, the debt payment figure in 1993 will be especially big.

Therefore, the State Administrative of Exchange Control department concerned pointed out that ineffective management conditions over contracting foreign loans must be rapidly changed.

XINHUA Commentary on Economic Communique
OW261351 Beijing XINHUA Domestic Service
in Chinese 0303 GMT 24 Feb 88

[By XINHUA reporter Li Niangui]

[Text] Beijing, 24 Feb (XINHUA)—Commentary: "China's National Economy Forges Ahead in Giant Strides Toward Diversification in the Course of Reform."

The 1987 statistical communique issued a few days ago makes people strongly feel that China's national economy has begun to forge ahead in giant strides toward diversification in the course of carrying out reform and opening to the outside world. A new economic pattern of diversified ownership systems, economic factors, circulation channels, and managerial forms for common development is taking shape.

From the late 1950's to the end of the 1970's, China enforced a simple form of public ownership system while disregarding objective conditions in the development of productive forces. This system hindered the development of the commodity economy and the increase of productivity. The statistical communique made public recently indicates that the diversified form of economy in China with the public ownership system as its core has rapidly developed since the 3d Plenary Session of the 11th CPC Central Committee. A new situation with state-run, collectively owned, and individually owned enterprises jointly developing the economy has appeared. In the countryside, the people's commune system of unified management and distribution has been replaced by a system of contracted responsibility on a household basis with remuneration linked to output. The enthusiasm of the broad masses of peasants, which had been suppressed over a protracted period, has been liberated. In industry, a new trend of different ownership systems complementing and penetrating each other has emerged. Since 1979, a total of 235,000 new collectively owned enterprises in various cities and townships throughout China have done away with their outmoded management system and entered the economic arena. With more than 12 million employees and a total annual volume of business of 60 billion yuan, they have played an indispensable and important role in developing the commodity economy. The number of people employed

by the individual and private economy in China has increased from 140,000 in 1978 to more than 20 million, becoming a considerably active economic force in developing China's economy.

In China's economic structure, Sino-foreign joint ventures, cooperative enterprises, and enterprises run exclusively with foreign investment have also developed. China has opened up, one after another, the Shenzhen, Shantou, Zhuhai and Xiamen special economic zones. It has also opened up 14 coastal cities including Tianjin, Shanghai, and Dalian and the Hainan Administrative District as well as the Changjiang Triangular Area, the Zhujiang Triangular Area, and the Minnan Triangular Area, and preliminarily established a forward position from the south to the north in opening the country to the outside world and strengthening economic ties with foreign countries. At present, China has already approved more than 8,500 enterprises with foreign investment to do business in the country. In 1987, China attracted 2.24 billion yuan of direct investment from foreign businessmen. Total industrial output value in the four special economic zones in 1987 was 52 percent higher than in 1986, and the total output value of export goods in these economic zones in 1987 was 114 percent higher than that in 1986. The foreign investment has been gradually used in developing projects for production.

China's diversified economy has a second hallmark. This is reflected in its flexible and diversified form of management which is being improved day by day. In order to help enterprises truly become relatively independent socialist commodity producers and managers who manage their own affairs with full authority and assume full responsibility for their own profits and losses, China has implemented, in an overall manner, different forms of managerial responsibility systems including contracting and leasing on the basis of the principle of separating ownership from managerial authority and according to the different situations in various enterprises. As of the end of 1987, most of the state-run industrial enterprises and large and medium-sized state-run commercial establishments and supply and marketing cooperatives had implemented the contracted managerial responsibility system. There are more than 30 different forms of contracts. The major forms include the system of contracted responsibility to ensure progressive increases of profits to be delivered to the state, the system of contracted responsibility to deliver a fixed amount of profits to the state, the system of two guarantees and one link, the system of several guarantees and several links, the system of linking wages to the amount of profits and taxes delivered to the state, the system of contracted responsibility to limit losses (or reduce losses), and the responsibility system of running enterprises under contract or lease. Some areas or enterprises also implement the system of comprehensive contracted responsibility, the system of contracted responsibility for single projects, the system of contracted responsibility for

investments and production output, the system of contracted responsibility for per unit production with wages linked to output, and so on. As for the contractors, sometimes, the leading body of an enterprise assumes the contracted responsibility, while in some cases all the workers of an enterprise assumes the contracted responsibility by means of mortgages. In other cases, contractors succeed by winning bids. There are also cases of large factories running small factories under contract and of individuals running enterprises under contract or lease. Shanghai, Tangshan, Fuxin, and other cities have also opened markets for leases or markets for both contracts and leases. Some pilot projects to implement the system of shares have been developed in various localities throughout the country. Such a system of shares has been developed by turning the practice of fanning out from management to the workers and from the workers to management, and the practice of the enterprise encouraging workers to become its shareholders, into that of the purchase of shares by the state and the collective purchase of shares by departments, localities, and other enterprises and that of raising capital by floating shares in society. The system of shares has been extended from collectively owned enterprises to state-run large and medium-sized enterprises and from industrial and commercial enterprises to financial establishments. For example, a development bank has opened in Shenzhen, while China's first stock market, in its initial stage, has been established in Shanghai.

The development of multichannel circulation is another sign of China's diversified economy. In the course of taking state-run business as the main channel for circulation, China has actively developed collective and individual businesses. In 1987, when large and medium-sized business enterprises implemented the contracted managerial responsibility system and 80 percent of the small state-run business enterprises were placed under collective management, became collectively owned, or were run by individuals under lease, more than 90 percent of the supply and marketing cooperatives also internally implemented various types of contracted managerial responsibility systems. The number of trade fairs in urban and rural areas reached 69,000 with the volume of business transactions reaching 110 billion yuan, marking an increase of 21.3 percent as compared with 1986. There were 6,792 business and economic associations with annual volume of business reaching 15.5 billion yuan.

Commentary Discusses Statistics Communique
OW270405 Beijing XINHUA Domestic Service
in Chinese 0852 GMT 26 Feb 88

["A Clear Proof of Greater Openness—Commentary on the Truthfulness of Statistics" by Xu Yaozhong—XINHUA commentary]

[Text] Beijing, 26 Feb (XINHUA)—The release of the PRC Statistics Bureau's Communique on 1987 National Economic and Social Development Statistics has generated much discussion among many people. They are

greatly encouraged by the communique—the many outstanding successes the nation has achieved in construction and reform, the successes' new features, and the new experiences that have been gained, as well as prospects for future economic development.

In particular, the people did not ignore other facts reported in the communique: Negative phenomena and shortcomings in the nation's economic development. The people maintain that they have never before seen another communique in which information has been so amply and candidly furnished.

For a long time, many people were unable to fully understand or study China's economic situation because many of the country's economic statistics—which ought to be openly available—were locked up as confidential or top secret information shrouded by mystery. Following the adoption of an open policy in recent years, the mystery is being gradually removed. The communique thoroughly provides and demystifies economic information. This can be observed from the following facts:

Backwardness is not glossed over. Everyone knows that China is a developing country whose economic and social development is still quite sluggish in certain respects—a fact the communique does not try to cover up. For example, regarding health services the communique acknowledges that difficulty seeing a doctor is still a common urban problem, that medical services are still commonly inadequate in rural areas, and that 12.2 percent of villages in the country do not have medical services. As for the people's livelihood, the communique reports that 8.2 percent of the nation's rural households have an average per capita income under 200 yuan. The communique informs the people that in China, a big and populous country, only 2.93 million urban households have telephones, that state-owned institutions have only 8.68 million scientists and technicians, and that hospitals have only 2,365,000 sick beds. Have these facts not sketched a picture of the initial stage of socialism in China!

Hot issues were not evaded. For a long period, all national public documents and news reports tried to evade virtually all issues about which the people were eager to know. This time, instead of evading these issues, the statistics communique exposed and addressed them candidly. For example, pricing is one hot issue of great concern to the people. In addition to telling how much commodity retail prices had risen in general, the communique also publicized exactly how much certain commodities' prices had risen in 1987. For example, it was publicized that the prices of meat, poultry, and eggs had increased 16.5 percent; workers' living costs in some large and medium-size cities had increased over 10 percent; and, because of the increase in commodity prices, 20 percent of residents' actual income had dropped. These figures tally with the complaints of people in large cities that commodity prices have risen too drastically.

Another hot issue for the masses is the excessive expansion of group consumption. The communique admits that the purchasing power of the nation's social institutions has indeed grown too drastically. In 1987, social institutions purchased a total of 55.3 billion yuan of consumer goods, up 19.7 percent from 1986 and more than double that of 1983. When social institutions' purchasing power inflates to such an extent, how can it avoid causing harm? Not only have they wasted huge amounts of money and exacerbated market shortages, but they have also corrupted social conduct and hurt party-people relations. The communique also gave a full account of the hot issue of inflated fixed assets investment. For this reason, the people generally maintain that the situation reported by the communique is factual and believable.

Problems are acknowledged. During the course of reform, national economic work is done with increasing success. Last year, local initiatives were effectively implemented, and new headway was made in exercising overall control. However, not all projects were accomplished perfectly. The communique approached this issue very objectively. For example, regarding forestry production, it admits the existence of unauthorized logging in some localities. As for animal husbandry, it admits that the number of pigs slaughtered, pork output, and number of pigs in inventory had all dropped in one way or another. Regarding industrial production, it acknowledges that industrial enterprises exceeded production costs, and unprofitable enterprises incurred even greater deficits. Regarding capital construction, it admits that the scale of investment is still too large, and that there are too many new projects. With respect to commerce, it admits that some stores and independent peddlers secretly raised their prices, or cheated customers by selling them shoddy goods or shortchanging them on quantity.

The truth of the communique is reflected by the fact that the country has become more open. The communique also reflects the spirit of the 13th party congress which exhorted leading organs to be more open in their activities, that people should be informed of major developments, and that major issues should be discussed by the people. When the people of a nation grasp their destiny in their own hands, greater openness not only benefits the state, but the economy as well. Greater openness is also a sign that the people are more confident of their destiny and future. We believe that the problems exposed by the communique can be resolved. Take the issue of commodity prices, for example. Acting Premier Li Peng said this in his speech at the Spring Festival get-together: We are studying measures to appropriately subsidize rising major foodstuff prices to further restructure the irrational price system, to further develop society's productive forces, and to ensure that the people's livelihood will not be substantially affected by price system restructuring. As for controlling group consumption, the State Council, in its 23 February emergency

circular on strictly restricting social institutions' purchasing quotas and curtailing expenditures, instructed that all social institutions' purchasing quotas be trimmed 20 percent in 1988. It also presented effective measures to achieve this objective.

An important indicator of a nation's democratization process, greater economic truthfulness also reflects political truthfulness. Economic truthfulness gives people the feeling of "having reached the summit and viewing the panorama of the lower hills," and it will also alert the people to rise up and exert all-out efforts to speed up the process of industrializing the country and socializing and modernizing commodity production.

Commentator Urges Curbing Group Purchasing
HK261446 Beijing RENMIN RIBAO in Chinese
25 Feb 88 p 1

[Commentator's article: "Group Purchasing Power Must Be Curbed"]

[Text] On 23 February, the State Council issued an emergency circular on strictly controlling the purchasing power of social groups and cutting down expenses, requiring party and government organizations at all levels, mass organizations, army units, and both the state-owned and collective enterprises and institutions as well as capital construction units to cut down this year's group purchasing targets by 20 percent on the basis of last year's actual expenses. Prior to this, in his speech at the Spring Festival party on behalf of the CPC Central Committee and the State Council, Comrade Li Peng urged resolutely curbing the purchasing power of social groups and the unhealthy tendency of extravagance and waste and said that we must take this as one of the five major tasks for the people's governments at various levels this year.

Over the past few years, the State Council has repeatedly stressed the necessity of curbing the purchasing power of social groups, but very little effect has been produced. According to statistics, the purchasing power of nonproductive social groups reached as high as 55.3 billion yuan last year, which was more than 200 percent over that of 1983 and much higher than the growth rate of production. At present, the phenomena of extravagance and waste seriously exist in government organs, mass organizations, and enterprises and institutions. Not only have some rich areas and some units which have reaped surplus profits used public funds to purchase sedan cars, entertain guests, and present gifts, and used such funds for private travels and visits, but also some poor areas and money-losing units have done the same. A strange phenomenon has thus appeared in which the secretaries and magistrates of some poor counties went to the provincial capital driving luxurious sedan cars to attend meetings for supporting poor and backward areas and vied for the funds for assisting the poor. The phenomenon of spending public funds without restraint to the neglect of our national situation has not only made the

prices increase and material supply shorter, but has also encouraged the unhealthy trend of extravagance and waste in our society and harmed the relations between the party and the masses and between the cadres and the masses. It is bitterly hated and despised by the broad masses of people.

What especially merits our attention is that the phenomena of extravagance and waste are becoming more and more serious year by year despite the repeated injunctions of the CPC Central Committee and the State Council on curbing the purchasing power of social groups. Loose enforcement of orders and prohibitions should be absolutely avoided in government administration. Are we not carrying out reforms of the economic and political structures? If we do not strictly enforce orders and prohibitions, all good reform measures and systems will be for nothing. The phenomena of extravagance and waste and spending public funds without restraint may arouse the grievance of the broad masses of people; similarly, the loose enforcement of orders and prohibitions may weaken their confidence in reform as well as in the party and the government. This is a very serious problem. We hope that the issuance of the State Council's emergency circular is not regarded as a routine business but an important event which is conducive to alleviating the contradictions between supply and demand on the market, stabilizing commodity prices and the economy, and promoting a good party style, government style, and social atmosphere and which is of great significance in both the economic and political fields.

The circular of the State Council should be implemented level by level so that the task of cutting purchasing power of social groups by 20 percent can be successfully fulfilled. In order to implement the circular level by level, the leading organs and the leading comrades should first set a good example. Only when the leading organs and leading comrades at all levels act in strict accordance with the circular and set a good example for their subordinates can those units and cadres who violate the circular be severely punished.

To start with, the leading organs and leading cadres and each person must start with himself in implementing the circular, so that a good atmosphere can be created. This is what we hope.

Article Reviews 1987 Economic Situation
HK270857 Beijing RENMIN RIBAO in Chinese
15 Feb 88 pp 1, 2

[Article by RENMIN RIBAO reporters Ai Feng (5337 0023) and Dai Yuqing (2071 3768 1987): "In the Commodity Economy Perspective—Commenting on the Economic Situation in 1987 and the Role of the Law of Value"]

[Text] With a broad review of the economic situation in 1987, it seems that two "perplexities" face us:

One is gratifying and rosy. At the beginning of 1987, there was a "sliding" tendency in state finances. Some people presaged that a "general crisis" might break out in the second half of the year. However, things turned out to be much better than expected throughout the year. The growth rate of gross industrial output value was over 14 percent and grain output increased by 5 billion kg.... Various contradictions in our economic life were resolved. How did this "turn for the better" actually take place?

The other is worrying and dark grey. The nation's index of price hikes in 1987 was 7.2 percent, 1.2 percent higher than planned. The supplies of pork, sugar, and other farm and sideline products became so deficient that pork coupons, which had disappeared from the scene for years, again came on stage. How did this situation happen?

The two "perplexities," which should not have appeared simultaneously, actually did. Why? Let us try to see these phenomena in perspective. The Year 1987 Was Not a Year in Which All Was Well at the Beginning and "Crisis" Seemed To Break Out Soon.

The Various Envisaged Reform Measures Conditioned Each Other Like Crabs in a Basket.... [subhead]

In the 1st quarter of 1987, the costs of industrial enterprises within the state budget increased by 5 percent over the same period of the previous year, the number of such enterprises suffering losses in operation rose by 40 percent, and there was a 2.3 percent decrease in financial revenues compared with the corresponding period of a year ago. None of the figures was gratifying.

Financial problems became the focus of worries. One may well say that the central financial situation was unprecedentedly strained. In a draft state budget that Minister Wang Bingqian submitted to the NPC on 26 March there was still a deficit of 8 billion yuan designated. Therefore, central financial authorities had to ask money from localities and enterprises. Localities also had no small difficulties in this regard. At an settling of accounts meeting held by the Ministry of Finance, a female cadre of a local financial bureau was so worried that she broke into tears. Enterprises had greater discontent than governors and mayors had, grumbling: You said you would support enterprise reforms and give us several billion yuan as profit concessions but in reality, you gave the money with one hand and took it away with the other. A bundle of electric power bonds almost took away all the money left for us as profit concessions.

In 1985, the state financial revenues benefited from the import of some high-grade commodities and the year's industrial growth also benefited from the import of raw and semifinished materials. However, such "conveniences" were nonexistent in 1987. The import of raw

and semifinished materials, handicapped by limited foreign exchange, will drop. And the slowdown of industrial growth rates may likely cause a shrinkage in central and local finances....

Faced with these developments, everybody is talking about the economic situation and also about how to continue to advance with the reform. The recommended proposition that gave top priority to price reform had to be shelved. Then, where does the appropriate breakthrough lie?

The Contract System Has Brought a Turn for the Better. It has Decisively Pushed Enterprises to the Status of Relatively Independent Commodity Producers and Handlers. It has Become the Link of "Microeconomic Flexibility" and "Macroeconomic Control," Enabling the Numerous Correct Central Principles To Work Efficiently. [subhead]

On 6 March 1987, a research group of the State Economic Commission published in SHIJIE JINGJI DAO-BAO a study report, "Explorations on Deepening Enterprise Reforms."

A month later, on 6 April, Premier Zhao Ziyang wrote instructions on the report: "This article has fairly clearly expounded the necessity of invigorating large and medium-size enterprises using the contract managerial responsibility system and the problems that warrant attention in so doing. I suggest it be printed and distributed among all sides concerned for comparison."

Having fully weighed the advantages and disadvantages, at the April conference of governors, the central authorities determinedly announced that the enterprise contract managerial responsibility system would be implemented throughout the country.

Later, the State Economic Commission and other competent departments worked out specific measures to implement the responsibility system. There is no need to recall the details of their working here.

What was important was that there was immediately a turn for the better in the 2d quarter's industrial production and the "crisis" did not take place in the last 2 quarters of the year. Moreover, the situation was better than expected. In the last 3 quarters, the profits and taxes realized increased by 11.6 percent and the profits and taxes handed over to the state treasury rose by 7.4 percent over the same period of the previous year. According to the 1988 materials provided to these reporters by the State Statistics Bureau, in 1987, the gross output value of industrial production amounted to 1.35 billion yuan [as published], an increase of 16.5 percent over the previous year, calculated in terms of comparable prices, or a rise of 14.6 percent after the output value of township and town industries was deducted. Moreover, light and heavy industries developed in a coordinated way, and the ratio of their growth

rates was 47.6 to 52.4. The investment structure was readjusted and the scale of capital construction put under control to a considerable extent. The proportion of investment in the productive sector was up 65.9 percent from the previous year's 60.6 percent; that in the energy industry, up 22 percent, and that in the raw and semi-finished materials industry, up 31.1 percent. The strained power supply was relieved considerably. Bank credits were put under control. There was a considerable decrease in the volume of newly issued currency throughout the year. Successes were achieved in the campaign to increase revenue and cut expenditure. From January to November, the state revenues from domestic resources was up by 3.8 percent against the corresponding period of the previous year and the state expenditures, up 1.7 percent.

"Seen from the experience in 1987, 'macroeconomic control' and 'microeconomic flexibility' can be achieved." This is the conclusion made by central leading comrades.

Why can all this happen? There is no doubt that the numerous central principles and policies, including the readjustment of the investment structure and product mix and the launching of the double-increase and double-economy campaign, have played an important role, but most people contended that the contract system made top contributions in this regard.

The contract system has invigorated enterprises. This has been a generally recognized fact.

"Hand over the fixed amount of output originally agreed upon to the state to the full and retain whatever surplus there might be." These transparently clear remarks, which emerged at the outset of implementing the system of fixing output quotas for individual households in the rural areas, have now become an agitational slogan in promoting the implementation of the contract system in the urban areas. The essence of the system is not manifested in a simple and clear distribution of benefits alone; more important, it embodies the principle of "separation of two powers," a principle which placed the peasants and their households in the position of independent commodity producers in the countryside in the past and has decidedly placed enterprises in the position of relatively independent commodity producers and handlers in the cities today.

The contract system has also made macroeconomic control more effective under the current conditions. This argument has not yet been fully understood. The truth it contains is very obvious. The indirect control with economic means playing a leading role can work only through enterprises that have mechanisms as a commodity producer. If enterprises do not have full authority over management and do not assume full responsibility for their profits and losses as they did in the past, what

can your economic means do to them? It is precisely in this sense that under the current conditions, the contract system combines "microeconomic flexibility" with "macroeconomic control."

The change from the product economy to a commodity economy is the basic direction of reform. It is precisely with this perspective that we can see through the rosy "perplexity" and boost our confidence in deepening the reform. As Urban Enterprises Have Been Decidedly Given the Status of a Commodity Producer and Handler, Peasants Who Have Xained the Status Demand They Be Genuinely Treated as Commodity Producers. The Basis for Their Behavior and Demands Focuses on the Law of Value. [subhead]

"The situation is described as good. But why have prices risen rapidly?"

In 1987, the issue of prices became a headache to everybody, leaders and ordinary people alike. In big cities, the prices of pork went up by 20 percent and those of vegetables, by 30 percent. If this situation develops that way unchecked, where will it all end?

People have their own explanations on this issue.

One argument says: This is a reflection of general demand exceeding general supply. The "potential energy" accumulated over the last few years in this regard burst out, creating a battering effect in 1987. There is a counter-question to this argument: Why should it first batter farm and sideline products instead of manufactured goods?

Another view holds: This is a premature consumption, and the consumption level has surpassed the country's capability to withstand pressures in terms of agriculture resources, which are relatively short. One and a half mu of land and 800 jin of grain are two basic concepts that we should always keep in mind. There is a challenge to this view: Is this not too pessimistic a view? Does this not mean there is not any prospect of improvement since land can no longer expand but the population keeps on growing?

A third school contends: That agricultural production developed haltingly and even contracted to a certain extent is an unavoidable fact. People question this school of thought: When there was a reduction in the investment in agriculture, in 1987 grain production increased by 10 billion jin compared with the previous year and the peasants still had strong interest in household management.

All these opinions seem to contain truth, but they fail to approach problems in a thorough way. There may be many reasons behind this state of affairs. Then, which is of the most crucial importance?

The answer can probably be found in our ordinary life. Let us have a look at the "Pig-Purchasing Act," which these reporters witnessed:

A comrade at a food center pleaded with a rural woman for buying her two pigs at a special price promising her that the pigs could be weighed after they ate 20 to 30 jin of food. Her husband returned and, standing with his legs apart and a hand in his pocket, cried out that they would not sell the pigs. Moreover, he made impertinent remarks and said: "Don't make a fool of me. Now, prices are rising and it is unprofitable to raise pigs. I will sell my pigs to those who promise higher prices! Have you not appealed that everybody should strive to be economy-minded? I will never sell them unless you force me at gunpoint."

Even more insolently, he said: "Pigs are raised using grain bought at negotiated prices, but they are purchased at government prices. Those who raise pigs this way are pigs!"

What a strong term this is! However, now that you recognize that he is an independent commodity producer and that he realizes his status and makes a deal with you in that capacity, is there anything to blame him for? Is the peasants' awakening of their economic status not what we expect from our reforms?

It must be said that departments in charge of economic affairs have long received the signals that there will be a drop in pig production and people will "have difficulties buying meat." At the end of 1986 and the beginning of 1987, we learned of such estimates and calculations at several important meetings on economic work that we attended. "Raising four legs (pigs) is not as good as raising two legs (chickens); raising two legs is not as good as raising one leg (mushrooms); and raising one leg is not as good as raising no leg (fish)." This jingle has "sneaked into" offices in a written-language form.

What a pity that, because it was difficult to do so, no timely measures were adopted. The most effective measure to adopt is to raise pork prices. But to what extent can the state's financial capability withstand the strains resulting from price hikes? Will this measure displease hundreds of millions of city dwellers who are accustomed to cheaply priced meat and proceed to affect stability and unity?

After rounds of understandable hesitation, no measures have been adopted at last. Moreover, the law of value has not ceased to direct production and consumption with its invisible tremendous fingers. Ultimately, pork coupons, which had long been in disuse, returned to the hands of housewives, and before the meat stalls crammed with fatty meat, customers were frowning and cursing. It is not because something has gone wrong with agricultural production but because we are being punished by the law of value. This may be the most pertinent answer of the dark grey "perplexity." The law of value is

a big school that stresses "fairness." It seeks fairness between different trades in both the urban and rural areas and also between the cities and the countryside. This fairness is just what we are looking after in our reforms.

Apparently, these two-colored "perplexities" are in essence the result of further strengthening the commodity economic mechanisms of our country's economic movement. The establishment of the status of enterprises as commodity producers and handlers has rendered us big help. The failure to treat the peasants conscientiously as commodity producers in some aspects has given us lessons. However, the direction of applied force of the two is identical: Accelerating the transformation toward a commodity economy.

This transformation is of course arduous and complicated and can sometimes bring us suffering. It is both an "astounding leap" and a "great leap." As long as we master the lessons the law of value has given us, the cadres are conscientious in so doing, and the people understand them, the dangerous road can be turned into a level road.

Law of Value in Initial Stage of Socialism
HK261531 Beijing JINGJI RIBAO in Chinese
4 Feb 88 pp 1, 2

[Article by Ren Zhongyi (0117 0112 1138): "On the Law of Value in the Initial Stage of Socialism"]

[Text] Abstract: The 13th party congress says that we cannot bypass the initial stage of socialism. This chiefly means that we cannot economically bypass the stage of the full development of commodity economy. And to fully develop the commodity economy, it is necessary to correctly understand, and be good at applying, the law of value. In the initial stage of socialism, all the economic policies we carry out and all the economic measures we adopt must take into full consideration the role of the law of value. People often talk about the need to straighten out various economic relationships. In doing this, we should base ourselves on the law of value and conform to its objective requirement. The many reform measures we are carrying out today center on the idea of developing commodity economy and applying the law of value.

To master the law of value, people should dare to conduct explorations. People's understanding and mastery of the law of value is only a beginning. In the great school of the law of value, we still have a very arduous study task ahead of us. [end abstract]

The law of value is familiar to people but it is also a question people tend to overlook. It is of special importance to discuss this question today. According to the

theory of the initial stage of socialism, we should not only attach more importance to understanding the law of value but also put it into effect more consciously in future.

When talking about the question of economic restructuring, the report to the 13th party congress stressed that "planning should be done according to the principle of commodity exchange and the law of value." This is our party's important guiding idea on economic work. It is also a scientific conclusion drawn by our party after penetratingly summing up the historical experience. The Historical Process of Gaining a More Profound Understanding of the Law of Value [subhead]

People constantly deepen their understanding of the law of value along with the process of developing an understanding of the proposition that China is still in the initial stage of socialism. For a long time after the founding of the PRC, our party failed to make clear the most basic national condition, namely, what historical stage China was in. Impetuous in its guiding ideology, it was overanxious for quick results, blindly seeking purity. It deviated from the development level of productive forces in understanding and handling the question of production relations. It restricted the development of commodity economy and overlooked the role of the law of value and the market. In the late 1950's Comrade Mao Zedong said: The law of value "is a great school. Only by utilizing it is it possible to teach our tens of millions of cadres and our hundreds of millions of people and to build our socialism and communism. Otherwise, it will be impossible to achieve anything." What a good and correct remark this is! It is a pity that this idea was not genuinely put into practice for 2 decades. In his later years he even held that, if we practice the commodity-currency relationship, the wage system, and so on today, there will be "no difference from the old society," and that they "can only be restricted under the dictatorship of the proletariat." The "gang of four" even took advantage of this opportunity to create chaos in an attempt to negate the commodity economy and the law of value, thus doing very great damage to China's socialist construction. This is an extremely bitter lesson.

It is precisely for this reason that the role of the law of value has been vigorously stressed in many important documents since the 3d Plenary Session of the 11th CPC Central Committee. This represents a very significant change in the guiding idea on economic work. The communique of the 3d Plenary Session of the 11th CPC Central Committee pointed out: "It is necessary to act resolutely in accordance with the economic law and to attach importance to the role of the law of value." In addition to putting forward regulation by market mechanism as "a regulatory role spontaneously played by the law of value," the report to the 12th party congress also stressed the need to "consciously utilize the law of value" "either in mandatory or guidance planning. The "Decision of the CPC Central Committee on Reform of the Economic Structure" adopted at the 3d Plenary

Session of the 12th CPC Central Committee included many references to the question of the law of value. It discussed at length the important role of the law of value, pointing out that "in the socialist planned economy the law of value must be consciously followed and applied." It also put forward the objective of "establishing a planning system under which the law of value is consciously applied." Our understanding of the law of value was thus raised to a new height. It was a major development of the Marxist economic theory by our party. Although the question was not specifically discussed at length in the report to the 13th party congress, the report put forward a very important formulation and further defined the important principle of planning according to the principle of commodity exchange and the law of value.

The Law of Value and the Initial Stage of Socialism [subhead]

For the first time the 13th party congress systematically expounded the theory of the initial stage of socialism, thus giving us a scientific basis for reunderstanding socialism and understanding the law of value under the socialist system. Why do we say that our socialism is still in its initial stage? The fundamental reason is that the present level of our productive forces is still low and our commodity economy is extremely undeveloped. This is a fact that cannot be evaded. Unlike the capitalist countries, China did not go through the stage of fully developed commodity economy. We have directly taken the socialist path from a semicolonial and semifeudal society in which the natural economy occupied a dominant position. Under such a basic national condition, although it is unnecessary, and also impossible, for us to make up for the lesson of capitalism we have missed, it is urgently necessary, and also possible, for us to make up for the lesson of commodity economy we have missed. To get rid of poverty and backwardness, build socialism, and march toward socialism, the only way is to vigorously develop the socialist commodity economy. The report to the 13th party congress says that we cannot bypass the initial stage of socialism. According to my understanding, this chiefly means that we cannot economically bypass the stage of the full development of commodity economy.

To fully develop the commodity economy, it is necessary to correctly understand, and to be good at applying, the law of value. In the past, some people confused the law of value with the capitalist economy. This is incorrect. The basic content and requirements of the law of value are that the magnitude of value of a commodity is determined by the socially necessary labor-time and that commodities are exchanged on the principle of equal value. This is a common law of the commodity economy and it does not change with changes of the social system. If the full development of the commodity economy is a stage of socioeconomic development that cannot be bypassed, then the law of value is an economic law that should be observed in all the commodity economies. As

long as there is a commodity economy, be it capitalist or socialist, the law of value will certainly exist and play its role. This is something independent of man's will.

Naturally, due to the different system of ownership, the capitalist economy can realize partial planning. However, on a society-wide scale, the law of value plays its role blindly and spontaneously. The socialist society, however, can consciously apply the law of value on the scale of the whole society. There must be a precondition for the "conscious application" of the law of value, namely, it is necessary to conform our subjective understanding to the objective reality of the commodity economy. Do not we say that the law of value plays its role like an invisible "hand"? We can neither create nor change this "hand," still less can we eliminate it. But we can discover, understand, and master it and use it to serve socialism. We may well say that, in the initial stage of socialism, all the economic policy we carry out and all the economic measures we adopt must take into full consideration the role of the law of value. If we do not act according to the law of value, many of our methods are unworkable. Although they may work for a time if we forcibly put them into practice, they will not last long. And we will come to grief if we go on putting them into practice. In the Zhu Jiang delta a few years ago, thinking that the state purchase price for silkworms was too low and that it would not pay to engage in sericulture, people uprooted their mulberry trees and grew sugar cane instead. The result was that the silkworm and mulberry base, which had a long history, gradually shrank. Over the past few years, following the relaxation of price controls, the prices of other industrial crops have risen but the price of sugar cane has dropped by comparison. Since the higher authorities did not relax price controls over the price of sugar cane, people held that they would get less profit if they went on growing it. Consequently, they grew other crops instead. The higher authorities have issued repeated injunctions and adopted many measures. However, because the price problem was not solved, it was still impossible to stop a reduction in the sugar cane growing areas. This has had a serious impact on Guangdong's cane sugar industry, making it necessary for the state to spend a lot of foreign exchange importing sugar. This shows that the law of value is a coercive force which exists objectively and that whoever violates it will be punished. Over the past 3 decades, have there not been many lessons of this sort, and even more serious lessons than this?

An Important Task in the Economic Reform Is To Bring Into Play the Role of the Law of Value [subhead]

The basic objective of China's economic restructuring is to establish a new, vigorous mechanism of the planned commodity economy. Therefore, understanding and applying the law of value becomes an important task in economic restructuring. The report to the 13th party congress has put forward many principles and methods for speeding up and deepening the reform, such as

applying regulation by planning mechanism and regulation by market mechanism, shifting from mainly direct management to mainly indirect management, and establishing the pattern of the "state regulating the market and the market guiding the enterprises." The essence of all these is to learn how to apply the law of value, or the "hand." People often talk about the need to straighten out various economic relationships. In my view, in straightening out economic relationships, we should base ourselves on the law of value and conform to its objective requirements. Otherwise, it will be impossible to straighten out various economic relationships. In the pattern of "the state regulating the market and the market guiding the enterprises," the market becomes a central link between the state and the enterprises. Its operational mechanism depends to a large extent on the role of the law of value. Needless to say, when "the market guides the enterprises," the enterprises should act according to the law of value. Even when "the state regulates the market," it should also respect the law of value when applying economic, legal, or administrative means. We have instituted many reform measures, such as deepening the second-step rural reform in order to shift the rural economy further toward specialization, commercialization, and modernization; improving enterprise operational mechanisms; strengthening lateral ties; developing the market of production factors; and issuing bonds and stocks. All these are aimed at developing the commodity economy and applying the law of value.

In reforming or discarding the excessively unitary ownership structure and establishing an ownership structure in which the system of public ownership plays a dominant role and diversified economic sectors exist side by side, it is likewise necessary to bring into play the role of the law of value. In our country at the present stage, there are economic sectors under ownership by the whole people and under collective ownership, the cooperative economy in the urban and rural areas, the individual economy, and private economy. There are also Sino-foreign joint ventures, cooperative enterprises, and enterprises wholly owned by foreign businessmen. Even in each economic sector, there are also diversified forms. What do we use to link so many economic sectors and forms? It won't do to exclusively rely on subjective will and administrative orders. It is important to rely on the commodity economy and the law of value to serve as a link among them. In the face of the law of value, all sectors compete on an equal basis and, under the principle of selecting the superior and eliminating the inferior, strive to survive and develop amid competition. Further efforts should be made to expand the policy of opening up to the outside world both intensively and extensively so that we can enter the world's economic arena with a braver posture. Especially when the coastal regions strive to develop the export-oriented economy and take the road of the major international economic cycle, it is even more necessary for them to master the law of value. On the international market, the only thing we can follow is the law of value of the international

market. Just as our athletes competing in the Olympic Games must observe the rules of the Olympic Games. If we cannot satisfactorily grasp the law of value of the international market, it will be impossible for us to get a firm foothold in the fierce international contest and win victories.

Understanding and Mastering the Law of Value Is a Complicated, Long-Term Task [subhead]

We should make a clearheaded appraisal of the complexity in applying the law of value. In this regard, there may be several circumstances: First, people pay no attention to the law of value and carry out their work by dint of subjective will. As a result, they suffer setbacks without knowing the reasons. They only look for the reasons from the natural or social subjective conditions, not knowing that the source of the trouble is the violation of the law of value. Hence, they are unable to find ways to correctly solve the problem.

Second, some people recognize the role of the law of value and understand its importance but, as soon as they encounter difficulties in the course of applying the law, such as the temporarily rising prices and the emergence of speculation and profiteering, they will be like the proverbial Lord Ye, who claimed to be fond of dragons but in fact was mortally afraid of them. Being afraid and not daring to uphold the law of value, they can only take the beaten track. There have been numerous such examples. A case in point is that there has been repeated relaxation and tightening of controls on the question of opening the free market in the past.

Third, in their subjective desire, some people really want to uphold the law of value but, for lack of experience, they do not know how to apply it. Sometimes, they make mistakes or deviations because they do not conduct investigation, are not clear about the situation, or make wrong judgments. They often think that they are acting according to the law of value. The result of the practice proves otherwise.

Fourth, there are also people who, knowing full well that some practices are not in keeping with the law of value, have to adopt them for various reasons. It should be pointed out that such practices can only be adopted for a short while and that it will not do to violate the law of value for a long time. We should strive to conform to the law of value as soon as there is an opportunity to do so. Recently, some cities have again resorted to the practice of rationing some nonstaple food. This has played a certain role in easing shortages for the time being. But this can only be a makeshift measure. If we rely on the issuance of coupons to get along, without energetically creating the conditions and striving to bring into play the regulatory role of the law of value in production and circulation, it is possible that we shall revert to the time

of state monopoly of material supply, which was characterized by quotas, limited distribution, and long queues. It was an old path, which proved in practice to be lifeless and unworkable.

In short, mastering the law of value is a very complicated problem. It is not easy to apply it on the domestic market and it is much more complicated and difficult to apply it in international exchange and competition. To master it, people must be bold in conducting explorations. They should frequently sum up experiences and lessons, constantly deepen their understanding of the law of value, and become more proficient in applying this objective law. Not only should a small number of leading cadres master this new course, but it should also become general knowledge among tens of millions of cadres, as well as the people in their hundreds of millions. This is something that can be achieved. We can completely achieve this through unremitting efforts. Thus, our work will become much easier. We can considerably avoid acting blindly in economic life and reduce the losses caused by errors in our work. Take the reform of commodity prices for example. If we can carry out our work in such a way that the vast numbers of cadres and people not only have a certain capacity to withstand strains materially and psychologically but also understand and support the reform, we shall be able to conduct the reform more smoothly.

In applying the law of value, we should also have a sufficient understanding of its protracted nature. If it is still necessary for China to be in the initial stage of socialism for another 100 years, people's understanding and mastery of the law of value will also constantly improve with the constant development of the commodity economy. When the initial stage of socialism is completed, there will still be a higher or another stage of socialism. By that time, the commodity economy and the law of value will still exist and attain new developments. People will also learn to apply this objective law more consciously, proficiently, and accurately. Therefore, from a long-term point of view, people's current understanding and mastery of the law of value is just a beginning. It should be said that many of us have so far had a fairly superficial understanding of the law of value. We can at most reach "primary school" level. In the great school of the law of value, there is still a lot to be learned. We still have a very arduous study task in future.

Contracted Enterprise Management Discussed

HK290727 Beijing LIAOWANG in Chinese No 6, 8 Feb 88 p 1

[Article by Xu Yaozhong (1776 5069 0022): "New Trend of Enterprise Contracting"]

[Text] In 1987, the contracted enterprise management system made substantial progress in our country. Before April 1987, only a small number of enterprises had adopted the contracted management system; but now,

this system has been widely adopted by most enterprises in all parts of the country. According to statistics, 70 percent of industrial enterprises subject to the state budget and nearly 80 percent of the large and medium-sized enterprises have adopted the contract system.

Although the contract system has not been adopted in an overall way among our enterprises for a long time, its role in promoting economic development has been demonstrated more and more obviously. First, it promotes the development of industrial production and the improvement of economic results. Rough statistics show that although enterprises met with more difficulties in organizing their production than in 1986, they still increased their production and improved their economic results rather substantially in 1987. The industrial enterprises subject to the state budget increased their tax and profit contributions and output value synchronously. The taxes and profits they paid or turned over to the state increased by 6.7 percent over 1986. This changed the declining tendency in enterprise profits and in their tax and profit contributions in previous years. At the same time, the enterprises also became more dynamic because they could retain more profits in their own hands and could thus increase their own financial resources. More importantly, the contract system directly integrates the economic interests of the enterprise, the enterprise manager, and the workers. It not only puts pressure on the enterprises, but also gives a great impetus to their sustained development.

More gratifying is that some new development tendencies have appeared in the practice of the contract system, and greater strides have been made in perfecting the contract system.

There are four main new development tendencies:

—The contents and forms of the management contracts are becoming more and more applicable to the enterprises. In many areas, management contracts are tailored to different enterprises in light of their specific conditions from the very beginning. For example, some provinces mainly conclude contracts on increasing production capacity with enterprises which are shouldering heavy transformation and expansion tasks; on tax and profit contributions to the state with enterprises which can make handsome profits; on reducing losses with enterprises which are running into the red; and on foreign exchange income with some export-oriented enterprises. The contents and forms of management contracts vary widely according to the special conditions of the enterprises in various trades. According to a survey by the State Statistical Bureau in more than 20 cities, including Beijing, Tianjin, and Shanghai, there are more than 30 different types of management contracts. The rich variety of contract forms shows a tendency of contracts on profits only being replaced more and more by comprehensive contracts on many different economic targets. Such contracts are better suited to the different conditions of various enterprises, and can more effectively

arouse the work enthusiasm of the workers. They enable the state to obtain greater revenue, enable the enterprises to retain more profits in their hands, and enable the workers to increase their incomes.

—Competition mechanisms have been increasingly introduced into the contract system. Some localities openly invite tenders for contracting the management of certain enterprises, with those who are awarded the contracts providing financial guarantees of their performance; other localities even set up "tender markets" to openly invite contract tenders. In this way, competition mechanisms are introduced into the contract system so that the principles of "maintaining and developing the good, removing and changing the bad; protecting competition, and promoting economic combination" can be realized. This will also permit the rational movement of technology, funds, and personnel, and help rationalize enterprise structure. The introduction of competition mechanisms in the contract system will also bring about a series of changes in the enterprise personnel system, in people's ideas, and in the training of personnel, thus bringing about a fundamental change in our country's personnel system. More talented people will emerge in a wider scope.

—Both sides concluding a management contract bear their respective responsibilities and duties. Contracts concluded by some local government institutions with enterprises clearly stipulate the responsibilities, rights, and benefits of the two sides. In particular, the government department concerned must also bear certain responsibilities. In the past, management contracts concluded by many enterprises with government departments in charge were "unequal treaties." The contracts stipulated only the responsibilities and duties of the enterprises. Now, the clear stipulation of the responsibilities, rights, and benefits of the two sides embodies the equal relationship between the two sides in their duties. This is of great significance for separating enterprises from government administration and turning enterprises into independent commodity producers.

—The contract system has promoted corresponding reforms in enterprises' internal management. Many enterprises which have concluded management contracts with the government departments concerned have focused their attention on reforming their internal management, and have adopted a series of corresponding reform measures in their internal management. Many enterprises have concluded operational contracts vertically between different management levels and horizontally between different departments or workshops. Some enterprises have set up internal banks to control the financial resources of various departments and workshops. Others have adopted the piece wage system or have turned wages and bonuses into a package which fluctuates according to the performances of the workers and the enterprise. Some are pursuing the so-called "full

load" work method so as to strengthen enterprise management. Through such coordinated reforms of enterprise internal management, the enterprises can establish vigorous operational mechanisms, and consolidate and perfect the contracted management responsibility system between the enterprises and the state. This will not only guarantee the fulfillment of the contracted tasks, but will also help change the enterprises' extensive operations into intensive operations.

The practice of pursuing the contract system in 1987 showed that the system can find its theoretical foundation in the principle of "separating enterprise management from enterprise ownership," and that the contract system itself is an effective way to realize this separation. The only criterion for judging whether a reform measure is successful or not is to see whether it is favorable to the development of the productive forces. On this point, the contract system is firmly tenable. According to estimates by the department concerned, since the adoption of the contract system, enterprises have clearly improved their economic results. It is expected that they will be able to substantially increase their yearly tax and profit contributions to the state. However, we should also note that there are still many imperfect things in the contract system, since it has been in effect only a short time. The implementation of the contract system should also be taken as a process of continuously deepening and perfecting this system. We expect that there will be greater achievements in further advancing and perfecting the contract system in enterprises this year.

Minister Urges Better Spring Plowing
OW281021 Beijing XINHUA in English 0807 GMT
27 Feb 88

[Text] Beijing, February 27 (XINHUA)—Farmers should be mobilized to engage in spring ploughing and to improve their field management to counter the effects of the continuing shortages of water in many parts of China.

This was the advice of He Kang, minister of agriculture, animal husbandry and fisheries, at a national conference through telephones attended by local officials on Friday evening.

A good harvest of summer grain and oil-bearing seeds will depend on improved field management as waterlogging, drought and frost had hindered the growth of crops sown in the latter part of last year, he said.

The drought is continuing in northwest China, valleys of the Yellow, Huaihe and Haihe Rivers and part of south and southwest China, he added.

He asked local authorities to ensure that planned areas were made available for grain and oil-bearing crops and vegetables, and acreages for cotton, sugar canes and beat should be increased.

China currently has 29.1 million hectares for summer grain crops, 0.6 million hectares more than last year. The rape crop area is 5.2 million hectares, a 67,000 hectare increase over 1987.

Qian Zhengying, minister of water resources and electric power, told local authorities to have water irrigation and storage facilities ready for spring sowing.

Comparison of Communiqué on 1987 Statistics

Beijing RENMIN RIBAO in Chinese on 24 February carries on page 2 a 7,500-character "PRC State Statistical Bureau's Communiqué on the 1987 statistics of national economic and social development (23 February 1988)." This has been compared with the XINHUA Domestic Chinese version titled "Communiqué on 1987 Economic Statistics", published in the 25 February China DAILY REPORT, page 17, revealing the following variations: Page 18, paragraph after first table, sentence two reads in RENMIN RIBAO: "...made in afforestation on flatlands, forest-shelter construction in north, northwest, and northeast china, and the construction of timber forests and fast-growing forests. However, indiscriminate logging..." (noting additional words) Next paragraph, last sentence in RENMIN RIBAO reads: "...wool, and poultry and eggs production increased but the number of pigs raised and slaughtered and pork..." (noting additional words) Page 18, second column, last paragraph, sentence five in RENMIN RIBAO reads: "...as raw materials for producing consumer goods, particularly in sections..." (noting additional words) Page 19, first line of RENMIN RIBAO version reads: "...Cotton Yarn 4,320,000 metric tons 8.7 [new line] Cloth 16,700,000,000 meters 1.4..." (noting change from "8.1" to "8.7") Next paragraph after table, sentence three in RENMIN RIBAO reads: "...was shortened from 109.1 days to 105.4..." (noting change from "109" to "109.1") Same paragraph, last sentence in RENMIN RIBAO reads: "...costs were exceeded and the volume of losses of money-losing enterprises increased by 4.6 percent..." (noting additional words) Page 19, second column, first paragraph, sentence two in RENMIN RIBAO reads: "...director responsibility system, 82 percent of the..." (noting change from "83" to "82") Same column, paragraph two, sentence two in RENMIN RIBAO reads: "...rate than the 18.7 percent in 1986..." (noting change from "16.7" to "18.7") Page 20, first column paragraph one, last sentence in RENMIN RIBAO reads: "...construction projects and 193 single items attached..." (noting change from "93" to "193") Same page, same column, paragraph three, last sentence in RENMIN RIBAO reads: "...in 1987, and 54.9 billion yuan worth..." (noting change from "54.8" to "54.9") Page 22, first column, paragraph four, last sentence in RENMIN RIBAO reads: "...volume amounted to \$1.11 billion, up 13.5 percent..." (noting change from "\$110 million" to "\$1.11 billion") Same page, same column, paragraph six, sentence one in RENMIN RIBAO reads: "1987 China received 26.9 million tourists and..." (noting change from "26" to "26.9") Same page, second column, first paragraph, sentence five in RENMIN RIBAO reads: "...yuan for nearly 800 research projects in..." (noting change from "500" to "800") Same paragraph, last sentence in RENMIN RIBAO reads: "...the transaction of 132,000 technological contracts

worth 3.35 billion yuan. [new paragraph] Patent... (noting changes of figures) Same page, column, penultimate paragraph, last sentence in RENMIN RIBAO reads: ...the county levels, with 1.05 million staff members in all. (noting additional words) Page 23, second column, paragraph four, second sentence in RENMIN RIBAO reads: ...an increase of 83.8 billion yuan or... (noting change from "83.6" to "83.8") Page 24, first column, second paragraph, sentence two in RENMIN RIBAO reads: ...total output value of various categories listed here are... (noting additional words) Same page, column, third paragraph, only sentence in RENMIN RIBAO version: ...the value of intermediately consumed products and labor. (noting additional word "intermediately")

Correction to Analyzing Troop Reductions

The following corrections pertain to the item headlined "Article Analyzes PLA Troop Reduction Project", published in the 25 February China DAILY REPORT, page 16: Page 16, second column, paragraph three, sentence

four, make read... Following the transfer of surplus cadres from units stationed in large- and medium-sized cities to units at the basic levels, the contradictions between the units of the Commission of Science, Technology, and Industry for the National Defense, the 2d artillery, and the Navy, which have large numbers of scientific and technical cadres, and the PLA units under the Lanzhou Command, which are situated in the great northwest, and which were formerly short of cadres, have been eased. The proportion of... (rewording per monitor recheck) Page 17, column one, first paragraph, sentence seven make read: ...This prevented the problem of losing control over major issues while exercising rigid controls over minor ones, reduced blind practices... (rewording per monitor recheck) Same graf, sentence eleven make read: ...In coordination with cadre readjustment the situation of appointing too many cadres to certain posts was abolished, to ensure the integrity of the establishment. (rewording per monitor recheck)

East Region

Xiamen Plans for Continued Rapid Development *OW282656 Beijing XINHUA in English 0743 GMT* 27 Feb 88

[Text] Xiamen, February 27 (XINHUA)—The Xiamen Special Economic Zone, one of China's coastal cities, hopes to score five billion yuan (1.35 billion U.S. dollars) in industrial and agricultural output value in 1990 and twice that figure in 1995.

Speaking at a recent city meeting, Xiamen's party committee Secretary Wang Jianzheng said, "In three or four years Xiamen will have completely reworked its economic structure so the city will be better equipped to handle an export-oriented economy.

"Eyeing the international market and taking advantage of our location across the strait from Taiwan," Wang said, "we will rely more on scientific progress and management while also trying to break into international economic circles."

Last year, Xiamen registered a 30.6 percent growth rate in industrial and agricultural output value over 1986, and the zone's 183 enterprises funded by overseas investment were responsible for generating 29 percent of the city's overall industrial output.

According to Wang, this year Xiamen will definitely introduce more preferential policies, so foreign firms will be able to play a more active role in local economic development, particularly in helping to upgrade existing enterprises.

The city will continue improving foreign trade administration, the financial system, materials and labor distribution, research management and price structures to facilitate progress in the reform.

"Whoever can manage an enterprise well, be he or she Chinese or foreign, a local resident or new talent from somewhere else, will be invited to display his or her skill," Wang said.

Jiangxi Official Views Trade Competition *HK290132 Beijing CHINA DAILY in English* 29 Feb 88 p 2

[By staff reporter Li Huahong]

[Text] Nanchang—The deepening reforms of the country's foreign trade system have "forced our managers to rack their brains" to work out how their companies can survive the introduction of competition," said a leading foreign trade official of Jiangxi Province.

With the central government having contracted out exporting tasks to the various provinces, "the giant umbrella (of central finance) has been furled down" and

the provinces now have to stand on their own, said Chen Barong, deputy chief of the Jiangxi Provincial Foreign Economic Relations and Trade Department. He said after analysis of the international and domestic market situation, fierce competition between provinces is predictable.

The agricultural province of Jiangxi saw an increase of about 32 percent in its exports last year, 28 percent higher than the average increase for the whole country. But the base of the province's export income is lower than many other provinces, and as the coastal areas are joining the "grand cycle" of world economy, the inland province is no doubt facing a greater challenge.

However, Chen said, "If other provinces can fulfil their tasks in the new situation while we cannot, that will only be because of our incompetence."

"We have never used our heads so much as we are doing now for new ideas and methods," Chen quoted managers of the companies under his department as saying.

Among the new measures is the total implementation of the factory director responsibility system, Chen said. Tasks will be contracted out to the relevant departments, and the department chiefs will be elected instead of appointed as in the past. In this way, Chen's department aims to ensure that talented people will come to the surface.

"We need these talented people and their capacity to open up more channels to the world market, develop more varieties of products and guarantee the supply of raw materials," Chen said.

Chen's department will help export-oriented enterprises in their decision-making when negotiating with foreign customers by providing the latest international trade information so they will not suffer unfavourable price changes.

Available foreign exchange will be spent buying advanced technology and equipment to upgrade export-oriented enterprises, Chen said.

More efforts will be made to introduce foreign capital to boost the province's trade, Chen said. He told CHINA DAILY that the province's joint venture exports totalled \$16.93 million last year, which he called "very remarkable."

Chen also said Jiangxi is planning immediately to further exploit its low cost labour and natural resources.

Meanwhile, efforts will be made to improve work efficiency in his department, Chen said. At present the time taken to check bills and receipts is excessive, and due to this there were several delays in collecting payments from foreign customers, Chen said. He said such delays can sometimes mean a great loss.

He said the province has set up an accountants' association, whose co-operation will immediately help to solve this problem.

There is a great potential to tap the reforms of the foreign trade system and his department is optimistic about the fulfilment of the tasks. "I welcome the reforms," Chen said.

Shandong Secretary Meets With Businessman
SK280449 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 27 Feb 88

[Text] On the morning of 27 February, at Qingdao's provincial external economic and trade center, Liang Buting, secretary of the provincial party committee, and Jiang Chunyun, deputy secretary of the provincial party committee and governor of the province, met with (Yanqin Xiaomei), general director of the China branch of the U.S.-Sino International Trade Development Corporation, and his party.

General Director (Yanqin Xiaomei) introduced to leading comrades of the provincial party committee the situation in the marketing of ceramics made by Shandong's Zibo City in the United States.

Comrades Liang Buting and Jiang Chunyun expressed thanks to General Director (Yanqin Xiaomei) for his efforts to promote the development of Shandong's foreign trade; and hoped that they would further intensify their cooperation with Shandong with regard to ceramic technology.

Shandong Secretary Attends Trade Reception
SK280414 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 27 Feb 88

[Text] On the evening of 28 February, at Qingdao's Huanghe Hotel, the provincial government held a reception for foreign and domestic guests who had come to Qingdao to attend the 1988 Shandong provincial external economic and trade symposium. Liang Buting, secretary of the provincial party committee; Jiang Chunyun, governor of the provincial government; Ma Shizhong, vice governor of the province; Zhou Zhenxing, vice chairman of the provincial CPPCC Committee; (Yang Wenrong), representative of the Ministry of Foreign Economic Relations and Trade; and about 1,000 foreign and domestic guests attended the reception.

(Li Yu), president of the Shandong branch of the China Council for Promotion of International Trade, presided over the reception.

Jiang Chunyun, deputy secretary of the provincial party committee and governor of the provincial government, proposed a toast. He said: Following the Spring Festival, a traditional festival of the Chinese people, the annual

provincial trade symposium opened amid an atmosphere of jubilation. Today, we met some of our old friends once again. In addition, we also have cordially received a number of new friends. This has made us extremely happy.

Governor Jiang Chunyun reviewed the province's gratifying situation in the political and economic fields last year. He said: The province has established and developed economic and trade ties with more than 150 Asian, European, American, and South Pacific countries and regions; and has established friendship ties with 26 foreign provinces, prefectures, and cities. Meanwhile, we have witnessed fruitful results in the economic, trade, technological exchange, labor service cooperation, and tourist fields.

Governor Jiang Chunyun said: We express our warm welcome to friends who are willing to cooperate with Shandong and will provide them with conveniences and preferential treatment. The gate of Shandong will further open to the entire world.

Shanghai To Pay Fixed Tax to State
HK290406 Beijing CHINA DAILY (BUSINESS WEEKLY
SUPPLEMENT) in English 29 Feb 88 p 2

[By staff reporter Zhang Ping]

[Text] The State has set a fixed tax to be paid by the City of Shanghai each year instead of taking a certain percentage of the city's profits. This should help ease the city's financial difficulties, according to the Shanghai Municipal Planning Commission.

Under the new system, which started this year, the city will be able to keep more profits for local use if it surpasses the target, which will remain unchanged for at least five years. In the past, any additional profits had to be turned over to the State.

China's largest industrial and commercial city, Shanghai long has faced the problem of insufficient funds to upgrade its old industry and improve its infrastructure construction. This was because most of its profits were turned over to the State treasury. Mayor Jiang Zemin said Shanghai needs some 30 billion yuan for the work.

In the past three years, the city's profit tax payment—the State's largest source of revenue—has been dropping continuously. In 1985, profits turned over were 18.1 billion yuan, but were only 16.5 billion yuan last year.

Setting a fixed tax, which is lower than payments made in the past, will stimulate the enthusiasm of both local government and enterprises, a municipal government official said.

All district and industrial bureaux, as well as enterprises themselves, are working on adopting the new contract responsibility system, under which they assume responsibility for profits and losses, the official said.

The continuing decline in Shanghai's revenue has been caused mainly by the rising prices of raw materials and the resultant increase in production costs, said Xu Guanqing, director of the production planning department of the Shanghai Municipal Economic Commission.

The city used to rank first in the country for its planned economy, with over 80 percent of the enterprises State-owned. In the past, the State provided 70 to 80 percent of the raw materials used by the city, at lower prices. Now, however, the rate has dropped to around 40 percent as a result of reform of the planned economy in favour of a market-oriented one.

Xu said prices of industrial raw materials increased by 10 percent, or 1.3 billion yuan last year in Shanghai, which depends almost entirely on other parts of the country for raw materials.

So although production increased, real profits declined.

Last year, the local industrial output value of the city increased by 6.5 percent to more than 91.7 billion yuan. But its industrial profits declined by 6.25 percent from the previous year.

The national average increase in production value is 14.6 percent. The lower industrial growth rate in Shanghai is appropriate for the city, which has more fully developed industries than other cities and thus less room to grow, he said.

Since a visit by Zhao Ziyang, General Secretary of the Chinese Communist Party Central Committee, at the end of the last year, Shanghai has been trying to attract more foreign investment and boost export-oriented production.

The city is giving top priority to developing labour-intensive industries and industries which process imported materials.

Shanghai Bank Authorized To Borrow Overseas
*OW280217 Beijing XINHUA in English 1621 GMT
26 Feb 88*

[Text] Shanghai, February 26 (XINHUA)—Approved by the State Council, China's highest governing body, the Shanghai branch of the Industrial and Commercial Bank of China will be able to borrow loans directly from overseas.

A bank official said here today that his is the sixth bank in China empowered to handle such business.

The industrial and commercial branch bank is the largest special bank in the city with a capital of 20 billion yuan and is responsible for handling savings deposits for urban residents and credits for industrial enterprises.

Starting to handle foreign exchange business last year, the bank had absorbed savings deposits in foreign exchange totalling 14 million U.S. dollars by the end of the year and concluded letters of intent involving 100 million U.S. dollars.

The bank has established business contacts with about 100 banks in Japan, the United States, the Federal Republic of Germany, France, Britain, Italy, Canada and Switzerland.

Central-South Region

Guangdong Government Arranges Work Guidelines
*HK280457 Guangzhou Guangdong Provincial Service
in Mandarin 0400 GMT 28 Feb 88*

[Text] A plenary meeting of the Guangdong Provincial people's government and of city mayors was held in Guangzhou from 25 to 27 February. The meeting relayed and implemented the State Council's arrangements, discussed government work for 1988, and organized measures for implementing the coastal economic development strategy proposed by leading central comrades.

The meeting analyzed the current economic situation and future contradictions and problems. It unanimously held that Guangdong's economic situation in 1987 was good, with a rapid and relatively healthy growth rate. In government work this year, it is necessary to seriously sum up and apply the successful experiences in various fields, implement the basic guideline of further stabilizing the economy and deepening the reforms and doing everything in line with the reforms, implement the coastal economic development strategy, and actively promote comprehensive reforms. We must continue to advance ahead of others in reforms and opening up, and speed up the all-round development of the province's economy.

The meeting also stressed that for the economy to prosper, the government must be honest. Spiritual and material civilization must develop in tandem in the course of reforms, opening up, and speeding up economic development. The government at all levels must perform its duties in an honest way and oppose extravagance and waste. It must play a model, leading, and exemplary role in carrying forward the fine tradition of plain living and hard struggle. It is necessary to step up ideological education, establish the necessary systems, and ensure the still more healthy development of reforms and opening up by displaying excellent government style and promoting good social mood.

Governor Ye Xuanping spoke at the meeting.

Shenzhen Plans Electronics 'Industrial Estate'
HK270701 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 27 Feb 88 pp 1, 3

[By Naomi Lee]

[Text] A joint committee has been formed to set up a special industrial estate in Shenzhen for electronic manufacturers currently based in Hong Kong and China.

The Hong Kong-Shenzhen Electronics Joint Committee, which was formed yesterday by the Hong Kong Electronics Association [HKEA] and the Association of Shenzhen Electronics Industries [ASEI], will write to the Shenzhen government next week.

The committee is the first bilateral consultative body of its kind and reflects the growing significance of the local electronics industry.

It aims to gather together electronics plants in Shenzhen and help Hong Kong manufacturers to set up subsidiaries in the special economic zone.

Committee chairman Robert Li, also vice-chairman of the HKEA, said yesterday the main objective of the new body was to strengthen ties and increase the development of technology.

He said the committee hoped to strengthen co-operation between electronics manufacturers in both regions and boost investment and manufacturing in Shenzhen.

Mr Li said electronics exports grew by 30 percent last year and the industry remained the second largest in Hong Kong.

He said despite the rising price of electronics components, cheap land and labour in China maintained the competitiveness of the industry overseas.

The chairman of ASEI, Ma Fuyuen, said there were 260 electronics enterprises in Shenzhen employing 30,000 local people and producing goods worth about \$5 billion annually.

He said Shenzhen would become the major production and exporting base in the southern part of China.

Meanwhile, the Chinese government reported that Shenzhen recorded big increases in both output and exports last year.

The zone had a total output of \$12 billion for 1987, up 61.6 percent from the previous year, while exports increased by 68 percent to \$6.27 billion, according to government figures.

The zone's electronics industry showed the best results. Its production value reached \$5.2 billion forming more than 40 percent of the total output value.

Colour televisions and tape recorders have now become Shenzhen's principal export products.

Nearly a million sets were produced last year—an increase of nearly a third over the previous year.

Shenzhen also produced more than 7.5 million tape recorders—half of all the recorders produced in the whole country—compared to 4.5 million in 1986.

However, production of micro-calculators fell sharply last year—only 2,099 being produced compared to 6,617 in 1986. The output of mini-calculators fell from 1.9 million to 1.7 million.

The Deputy Mayor of Shenzhen, Zhu Yuenin, said China was not yet competitive enough to manufacture high-technology products.

"We cannot catch up with the others in producing micro-calculators but we can produce the components for these products," he said.

Processing unfinished products remains a vital role in the zone with about 95 percent of the orders coming from Hong Kong manufacturers marketing electronics, textile and leather products.

Last year output for this sector rose to \$930 million—double the amount in 1986.

Currently, Guangzhou province has more than 500 enterprises which manufacture about 450 kinds of products for export to more than 20 countries—and Shenzhen has been the major contributor.

Last year, Shenzhen's exports were worth nearly \$5.5 billion, more than half the aggregate output value of the whole province.

Foreign investment in Shenzhen comes mainly from joint ventures with Hong Kong.

Guangxi Meeting Sets Agricultural Tasks
HK290237 Nanning Guangxi Regional Service in Mandarin 1030 GMT 28 Feb 88

[Text] Further emancipate the mind, deepen the reforms, and strive for all-around, sustained, coordinated, and steady development of agricultural production in Guangxi. This was the demand put forward by the regional agricultural work conference, which concluded in Bobai County on 27 February.

The meeting held that last year, under the leadership of the party committees and government at all levels, the people of Guangxi overcame various natural disasters

and reaped an all-round bumper harvest. However, we must realize that there are still many weak links in our work. We must gradually resolve these problems in the course of reforms, so as to achieve all-around, sustained, and steady development of agricultural production.

The tasks in the region's agricultural production this year are very arduous. We must strive to produce 12.85 billion kg of grain, an increase of 750 million kg over last year. Agricultural output value should reach 9.4 billion yuan, an increase of 450 million yuan, or 5 percent. The region must also achieve relatively big increases in other items such as oil, sugar, fruit, tea, and meat.

The meeting pointed out that all localities must study in depth the documents of the 13th National Party Congress and this year's central document No 1, deepen understanding of the spirit of these documents, further emancipate the mind, transform people's concepts, and promote the deepening development of rural reforms. We must perfect the household contract responsibility system and the two-level management system, and act according to the law of value.

We must have a clear picture of the guiding ideas and of the production plans and targets for this year, correctly handle the relationship between grain and industrial crops, stabilize the grain area, readjust the agricultural structure, optimize the agricultural pattern, and ensure that the grain area is stabilized at 52.5 million mu. We must handle properly the contradictions in competition for land between grain and sugarcane, and achieve synchronous development of grain and industrial crops.

We must pay attention to grasping developmental agriculture and agriculture for earning foreign exchange, promote diversification, and further popularize new high-yielding, high-quality, and disease-resistant seed strains and hybrid strains. We should launch a mass drive for high output to achieve 1 ton of grain per mu and organize high-yielding demonstration fields. We should popularize fine-strain livestock and poultry such as lean-meat varieties, and popularize compound and other fodders and a complete set of comprehensive technology for scientific livestock-rearing and prevention of disease. We should popularize scientific grass-sowing and technology for improving forage grass in light of local conditions.

We must further promote reforms in agricultural science and technology, invigorate agricultural science and technology organizations, lift restrictions on science and technology personnel and encourage them to go to the rural areas to engage in scientific and technological development, provide assistance for poor areas, and undertake technology contracts. We should get a good grasp of training talented people in the rural areas and improve the peasants' grasp of technology.

We must advance the building of rural commodity production bases vigorously and continue to run these bases well.

We must carry out reforms actively in the circulation setup and promote integration of production, supply, and marketing of agricultural and sideline products, together with agriculture-industry-commerce, animal husbandry-industry-commerce, and fisheries-industry-commerce joint operations. We should support the various types of rural circulation organizations vigorously and resolve the current problem of the supply and sales of agricultural and sideline products being out of step with their production.

We must get a good grasp of infrastructural construction in agriculture, and vigorously step up agricultural mechanization. We must actively do a good job in supporting poor areas and manage and use well the capital allocated for this purpose. In supporting poor areas, we must first support the peasants in doing a good job in grain production, so as to resolve their food and clothing problem as soon as possible. We must also support them in other forms of cultivation, livestock-rearing, and processing, so that they can gradually extricate themselves from poverty and get rich.

We must further strengthen leadership over agricultural production. Specifically speaking, this means correctly understanding and instituting the separation of party and government functions. We must establish responsibility systems for targets to be met during leaders' terms of office. We must strive to increase investment in agriculture and take effective steps to increase production output. We must seriously resolve problems in the supply of diesel fuel, chemical fertilizer, pesticides, and plastic sheeting.

We must continue to practice last year's policy of linking grain purchase contracts to three things. Using 1987 as the base figure, the grain contract purchase quota will be left unchanged for 3 years from now.

We must adopt effective measures to support the development of township and town enterprises. In accordance with local resources and characteristics, all localities should organize a number of strong-point industries in a variety of forms. The region's township and town enterprises should strive for a total income of 7.1 billion yuan this year.

The meeting also stressed that it is essential to get a good grasp of non-staple food production.

The meeting also commended, rewarded, and presented certificates to counties which scored record grain output or yield and achieved an average of over 1 ton of grain per mu on over 10,000 mu of double-crop rice last year.

CPC Appoints Hainan Leaders to Work Committee
*OW270957 Beijing XINHUA in English 1513 GMT
26 Feb 88*

[Text] Beijing, February 26 (XINHUA)—The Chinese Communist Party Central Committee has decided to establish a provincial preparatory work committee on Hainan Island in the South of China.

The committee replaces the party committee of the Hainan Administrative District of Guangdong Province.

The new Committee will be headed by party Secretary Xu Shijie and deputy secretaries Liang Xiang, Liu Jianfeng and Yao Wenxu.

The National People's Congress meeting in Beijing next month is expected to give approval to the island becoming a province.

Currently the island, China's second largest and with a population of six million, is part of Guangdong Province.

The Work Committee held its first meeting today to discuss efforts in the development of the island.

Committee Explains Guidelines
*HK270457 Guangzhou Guangdong Provincial Service
in Mandarin 0400 GMT 27 Feb 88*

[Text] The CPC Central Committee recently established the Hainan CPC Work Committee for the Establishment of Hainan Province and abolished the Hainan Regional CPC Committee. Xu Shijie is secretary and Liang Xiang, Liu Jianfeng, and Yao Wenxu are deputy secretaries of the work committee.

The work committee convened an enlarged meeting of city and county party committee secretaries yesterday to unify thinking and make preparations for establishing Hainan Province and running it as a special economic zone. Secretary Xu Shijie and Deputy Secretary Liang Xiang of the work committee explained the central authorities' favored treatment policies for Hainan Province and the special economic zone.

They first stressed that in all economic work in Hainan, it is essential to uphold the following main points: 1) Economic operations should mainly rely on regulation by market mechanism; 2) instead of being based on whole-people ownership with the simultaneous functioning of various economic components, the economic pattern of Hainan will very likely be dominated by Sino-foreign joint ventures, wholly foreign-owned enterprises, and cooperative enterprises; 3) Hainan will enjoy freedom in exchanges with the outside world, with the

first line open and the second line managed well; there will be freedom in entry and exit of personnel engaged in foreign relations and trade, of capital, and, basically, of goods also.

Committee Secretary Gives Speech
*HK280357 Haikou Hainan Island Service
in Mandarin 1100 GMT 27 Feb 88*

[Excerpts] The CPC Work Committee for Preparing the Establishment of Hainan Province yesterday convened an enlarged meeting of city and county party committee secretaries to relay the central authorities' ideas on building Hainan, unify understanding, have a clear picture of the orientation for further opening up to the world, and do a good job of work for establishing Hainan Province and running it as a big special zone. [passage omitted]

Xu Shijie said in a speech: The central authorities have allowed Hainan still more relaxed and flexible policies. They have delegated more decision-making powers to us. After introducing the favored treatment policies for Hainan, he stressed that it is essential to profoundly understand the central policies and apply them well. The cadres and masses of the island must see Hainan's splendid future, and also realize the current difficulties. The targets set for Hainan's development are high, but our starting point is low, and our infrastructure poor. We also lack talented people. We will be indulging in unrealistic illusions if we fail to understand the present difficulties; and we will lose confidence if we are unable to see our excellent prospects.

Xu Shijie said that policy has to be carried out by people. The favored treatment policies provide the conditions for Hainan's development. But, still more important, development depends on a long period of arduous work by the cadres and masses to build up business. Leading cadres at all levels must become familiar with economic work. [passage omitted]

He said: Hainan must highlight key points and stress economic returns in running itself as a big special zone. Development must be gradual and cannot be undertaken in an overall fashion. Cadres must have a concept of the overall situation. Areas that are not key development areas must vigorously develop agriculture and township enterprises and provide more commodities for the cities. We must help poor areas develop production and extricate themselves from poverty and become rich as soon as possible.

Xu Shijie said: We must have a corresponding system and work style for running the Hainan special zone. Nothing can be achieved if people procrastinate and pass the buck to each other. [passage omitted]

We must change the functions of the government organs and switch from direct microeconomic management to indirect macroeconomic management. At the same time, we must ensure full decision-making powers for the enterprises, undertakings, and units.

On bringing in talented people and cultivating a high-quality labor force, Xu Shijie said: We must give full scope to Hainan's existing labor force and mobilize its initiative. At the same time, we should welcome people from all parts of the island, the country, and abroad to join in building Hainan.

Xu Shijie said in conclusion: We must have a stable social environment and good social order in establishing Hainan Province and running the big special zone, to give Chinese and foreign investors and personnel a sense of security. All cities and counties must be resolved to straighten out social order in preparation for the establishment of the province.

Liang Xiang relayed the spirit of relevant central meetings. He called on the cadres at all levels to arm their thinking with the policies and unify their understanding. They should work in concert to contribute to the establishment of the province. [passage omitted]

Henan Survey Highlights Farming Shortages
HK280557 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 27 Feb 88

[Text] A sample survey on preparations for spring farming conducted since early February by the provincial rural investigation team has shown that the capital preparations of the 750 households surveyed are better than in previous years. Each household has prepared an average of 139 yuan, 83.5 percent of the sum required and an increase of 8.7 percent over the same period last year. What worries the peasants at present is their insufficient preparations in production materials. They hope that the departments concerned will pay attention to this problem.

Each of the 750 households surveyed has only 30.4 percent of the required amount of chemical fertilizer. On average each household is 133 kg short. Only 14 percent of the required fine-strain seed has been prepared, with each household on average 9.4 kg short. Each household has only 19.4 percent of the required pesticide, and each household is on average 1.5 kg short. Plastic sheeting also amounts to only 19.4 percent of requirements, with each household 1.5 kg short. In addition, small tractors, medium-sized and small farm tools, draft animals, and mechanical drainage and irrigation equipment show shortfalls ranging from 16 percent to 38 percent below requirements.

Even more serious, diesel oil and gasoline for operating equipment respectively amount to only 5.7 percent and 15.2 percent of requirements.

The main reasons for these shortages are, first, there is a big gap between supply and demand. The peasants' purchasing aspirations cannot be fulfilled. Second, prices are high and some peasant households are unwilling to buy material at such prices. Third, certain households lack sufficient capital and cannot buy at these prices.

We hope that the departments concerned will organize sources of supply as soon as possible, control the rise in prices, and rapidly make good the peasants' diesel fuel, chemical fertilizer, and other items linked to grain and cotton purchase contracts. They should also actively support those peasant households seriously short of capital for buying spring farming materials, to ensure the smooth progress of spring farming and preparations for sowing.

Henan To Check on Foreign Economic Contracts
HK280601 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 27 Feb 88

[Text] The provincial government convened a meeting of responsible persons of provincial organs on 26 February to make arrangements for taking stock of and examining economic contracts with foreign parties.

China has scored great success in external economic relations since instituting the open policy. However, there have also been instances of cheating, neglecting duty, bribery, corruption, and selling economic intelligence in the course of signing and carrying out economic contracts with foreign parties.

To ensure the healthy implementation of reforms and opening up, the CPC Central Committee and State Council have decided to take stock of and examine economic contracts with foreign parties. In accordance with the State Council's demands and in line with the actual situation in Henan, the provincial government plans to carry out this work by the end of August. It will focus on investigating a number of typical cases and proceed to sum up the lessons, perfect the system, and block loopholes accordingly, so as to promote the better development of the province's external economic relations.

(Cui Renqing), director of the provincial supervision department, outlined specific arrangements regarding the scope, focal points, methods, measures, timetable, and demands for this work. The meeting also conveyed the spirit of the national conference of supervision department and bureau directors.

Hu Xiaoyun, deputy secretary of the provincial party committee and vice governor, and Vice Governor Hu Tiyan attended the meeting.

Hubei Faces Population, Land Problems
HK280506 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 22 Feb 88

[Station reporter (Ji Zhuoru's) Commentary: "Two Kinds of Figures That Merit Our Attention"]

[Text] Over the past year, our province has acted in accordance with the unified arrangements made by the party central authorities and the State Council. It has made mighty advances in reform and construction, thus bringing about good political and economic situations. However, there are two kinds of figures that merit our attention. The first kind of figure came from the provincial Family Planning Commission: Last year, there were 720,000 births in our province, exceeding the 1987 plan for population growth by 220,000. The second kind of figure came from the provincial department of agriculture and animal husbandry: Last year, the province's cultivated area dropped 404,900 mu. One of the causes of this reduction is the readjustment of the industrial structure, including the projects to turn cultivated land into lakes and the projects to turn cultivated land into forest land. Of the 404,900 mu of cultivated land lost last year, a total of 120,000 mu was used for nonagricultural construction purposes.

Ours is a developing country with a very large population. China has a poor foundation to start with. Its productive forces are relatively backward, and its economic development has shown a serious imbalance. China is still in the initial stage of socialism. Although the area of China accounts for only 7 percent of the area of the whole world, the country provides food for nearly a quarter of the world's population. During the second birth peak period from 1962 to 1973, our province's population increased 14.55 million. One third of our province's existing population was born during the second birth peak period. China's third birth peak period began in 1986 and ended in 1987. According to a forecast, even if our province fulfills its family planning plan, our population will increase 7 million by the end of this century.

Wuhan's current population is less than 7 million. Our cultivated area has been falling year after year. Controlling population growth and promoting family planning constitute a basic national policy of China. Protecting cultivated land and treasuring every inch of land constitute another basic national policy of China. If people do not attach importance to these two national policies, the wealth we create through production development will be virtually offset.

Therefore, to enable China to become a prosperous country, to work for the well-being of our future generations, and to develop productive forces as quickly as possible, we must: Adopt an overall point of view, ensure that our personal interests are subordinated to the interests of the state, ensure that partial and local interests are subordinated to the interests of the whole, ensure that

immediate interests are subordinated to long-term interests, conscientiously carry out family planning work, and conscientiously protect every inch of land.

Urges Family Planning
HK280207 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 27 Feb 88

[Excerpts] Provincial family planning regulations adopted by the Hubei Provincial People's Congress Standing Committee will come into force on 1 March. To implement the regulations well, the provincial government held a forum today, which called on all localities to do a good job in solving the problems of early marriage and child-bearing and of cadres taking the lead in having more children than allowed. (Guo Zemin), director of the provincial Family Planning Commission, said that the average age of early marriages and pregnancies in the province has dropped from 23.3 in 1980 to about 21. The number of people marrying at an early age accounts for 13 percent of those marrying. Last year, 13.4 percent of pregnancies in the province involved females between the ages of 15 and 19, while children of early pregnancies made up 4 percent of the number of births.

In Daye and other places, quite a number of cadres have taken the lead in having more children than allowed. In addition, family planning work needs to be strengthened among the province's mobile population of 3 million.

Vice Governor Liang Shufen put forward three demands on implementing the regulations: 1) Step up propaganda; 2) adopt effective measures; 3) apply scientific methods. The leaders at all levels must take the lead in implementing the regulations. [passage omitted] We must strive to fulfill the target of controlling the number of births this year at 500,000.

Jiao Dexiu, vice chairman of the provincial People's Congress Standing Committee, pointed out that the judicial departments must be strict in enforcing the law and prosecute those who break it. They must deal strictly, in accordance with the law, with people who violate the provincial family planning regulations, especially party members and cadres.

Southwest Region

Chengdu City To Abolish Pork Rationing
HK270625 Chengdu Sichuan Provincial Service
in Mandarin 0100 GMT 27 Feb 88

[Text] Chengdu City is reforming the sales price of pork. It has decided to abolish pork rationing for urban residents on 1 March. At the same time it will provide corresponding subsidies for staff and worker masses. The city government has also decided that unused February ration coupons can be used up to 10 March. After that they will be invalid. Mutton rationing for nationalities

for whom pork is prohibited, and egg rationing—which has been in force during the off season—for urban residents will be abolished at the same time.

The subsidies for staff and worker masses will be as follows: Calculating according to the provision of 1.5 kg of pork per person per month and according to the base number of each worker supporting 1.7 persons, and also taking into account the lifting of price restrictions on eggs, the cadres, staff and workers, and retired personnel of organs, enterprises, undertakings, and units will each receive a monthly subsidy of 4 yuan. Cadres and staff and workers of nationalities for whom pork is prohibited will each receive 5 yuan a month. Administrative units will in principle meet the subsidies for their staff from their funds and various revenues. Enterprises and undertakings should in principle meet the subsidies from their retained profits. Those that are in real difficulties can, with the approval of the financial and tax departments, list the subsidies as non-operating expenditures.

For university and secondary technical students in Chengdu, not including those who commute at their own expense, the subsidy will be 5 yuan a month in addition to the 2.5 yuan already paid from city finances; students of nationalities for whom pork is prohibited will receive 5.5 yuan a month. Funding for these subsidies will come from the departments in charge, according to the subordinate relationships of the schools.

For PLA units stationed in Chengdu, the subsidies will be the same as for the localities, and will be met from PLA resources.

Relief payments will be correspondingly increased for those currently receiving them from the civil affairs departments.

The city government demands that, following the abolition of pork rationing, state-owned meat shops institute unified prices at the same time within the city area. If pork prices need to float upward because of market conditions, the food companies should submit their views. These views should be examined by the departments in charge and reported to the price departments for settling.

Xizang Divided Over Great Prayer Festival
HK280626 Hong Kong AFP in English 0607 GMT
28 Feb 88

[By Patrick Lescot]

[Text] Lhasa, Feb 28 (AFP)—The Tibetan clergy is deeply divided over whether to take part in their religion's most important festival which has drawn thousands of faithful to the Tibetan capital, observers here say.

A number of Buddhist monks have boycotted the Great Prayer Festival since it began Wednesday and many are hesitating over whether to take part in an event, which dissident monks say has been staged by China for political reasons.

The Chinese authorities decided to allow the 12-day festival to go on despite fears of unrest similar to violent pro-independence protests here in September and October which left between six and 13 people dead.

The unrest prompted authorities to virtually close the Tibetan autonomous region to foreigners, though they have relaxed travel restrictions in order to allow a handful of foreign correspondents to cover this year's festival.

It was the third consecutive year China has allowed the event to be held, after a 20-year ban imposed at the start of the Cultural Revolution in 1966.

Some 8,000 people from across Tibet thronged the Jokhang Temple in Lhasa's main square Saturday, with no police and only a few security men in sight.

Inside the temple, the holiest Tibetan shrine, about 800 monks held prayers marking the Tibetan New Year in a ritual that is 579 years old.

But at a news conference Saturday, Buddhist authorities here admitted in the presence of Chinese officials that they had had trouble persuading a number of monks to take part in the festival.

"We have had some unrest recently. That is why some have come and others have not," said one of four vice-presidents of the Tibetan Buddhist Association at the news conference, referring to last year's violence.

The officials, all four of whom are considered to be living Buddhas in the Tibetan religion, said 1,260 monks took part in the festival Saturday which was slightly more than last year.

But the maximum number who could have attended was 3,300, they added.

Several monks interviewed said they had been forced to participate owing to constant pressure by Tibetan and Chinese authorities.

The Buddhist leaders said ideological "work teams" of Tibetan and Chinese communists sent by authorities to Tibet's three main monasteries around Lhasa—Sera, Ganden and Drepung—were still functioning.

The groups, responsible for "re-educating" monks still faithful to exiled spiritual leader the Dalai Lama, "were guiding (these monks) ideologically, to help them follow the (political) line," the religious officials said.

They also said they had never heard of Tibetan dissident Lobsang Wangchuk, who was thrown into prison after an uprising against Chinese rule in 1959 and whose death was announced by exiled Tibetan groups at the end of last year.

Lobsang Wangchuk, who was said to have died on November 4 at the age of 74, has been named a prisoner of conscience by the human rights group Amnesty International. Beijing has dismissed reports of his death.

There have been unconfirmed reports of violence against monks arrested after last year's protests, and an informed Tibetan source said Saturday that 15 to 20 of them are still in jail.

Fifty-nine monks have been freed, most of them in January during a tour by the Panchen Lama, Tibet's second highest spiritual leader, who is pro-Beijing.

The clergy, which until the Chinese invasion in 1950 were also the dominant temporal group in Tibetan society, have experienced a renaissance since 1978, when China under Deng Xiaoping adopted a more tolerant policy on religion.

Secretary Discusses Festival

HK270739 Lhasa Xizang Regional Service
in Mandarin 1130 GMT 24 Feb 88

[Excerpts] On the morning of 24 February, Wu Jinghua, secretary of the autonomous regional party committee, and Raidi, Doje Cering, and Basang, deputy secretaries of the autonomous regional party committee, received in their committee's (Yinglu) conference room all the members of an autonomous regional group that made a special trip to Beijing to congratulate Great Master Bainqen Erdini Qoigyi Gyancan on his 50th birthday.

The autonomous regional group, led by Zheng Ying, regional CPPCC Committee vice chairman, returned to Lhasa from Beijing on the morning of 24 February. [passage omitted]

Comrade Wu Jinghua said: It goes without saying that the Lhasa prayer festival is lamaist business. However, to implement the party's policy toward freedom of religious belief, we have made preparations for the prayer festival in every aspect and provided much human, material, and financial resources for supporting the prayer festival.

Comrade Wu Jinghua expressed the hope that the lamas and Buddhists in Lhasa city will have faith in the party's policy, successfully promote the prayer festival, and do well in leading a normal religious life.

Ceremony Proceeds Smoothly

OW280445 Beijing XINHUA in English 1628 GMT
27 Feb 88

[Text] Lhasa, February 27 (XINHUA)—More than 2,300 lamas and pilgrims are taking part in the grand summons ceremony under way in Tibet.

Cominling Dandzim Chilai, vice-chairman of the Tibetan branch of China's Buddhists' Association, about 1,260 are concentrated in the "Johkang Monastery."

The number is up from the 1,100 who attended the ceremony last year, he said.

So far, the ceremony organizers have received 350,000 yuan in donations from religious believers and laymen from across Tibet and other parts of the country, he said.

He said that last year's riot has not had any impact on the ceremony [words indistinct] is proceeding smoothly.

Tibetan Intellectual Discusses Future

HK290732 Hong Kong AFP in English 0729 GMT
29 Feb 88

[By Patrick Lescot]

[Text] Lhasa, Feb 29 (AFP)—An intellectual here, neither Marxist nor Buddhist, is critical of Chinese policies in Tibet, but says that independence for the remote mountain region is not the answer.

The future of Tibet—which China annexed 38 years ago—should see it self-governing under a more flexible and more distant leadership from Beijing, said the intellectual, who asked not to be named.

"The idea of independence is an unrealistic one. China might go back to the remote and flexible leadership of the past ... but it will never give up Tibet," he added.

"Whatever happens, if it is not China, it will be India" that takes control, he added.

The Chinese communists have committed "mistake after mistake" in Tibet, he said, citing repression of the Lamaist clergy, the famine in the late 1960's caused by forced cultivation of rice in the unsuitable terrain, and the systematic destruction of about 6,000 temples during the Cultural Revolution.

"There are still leftist leaders who have not got rid of their Maoist ways," he said.

An anti-Chinese riot in Lhasa October 1, in which six to 13 people died when police opened fire on a crowd, was largely due to the fact that local Chinese officials refuse to treat Tibetans as equals, he said.

"We demand equality with the Chinese. It doesn't exist in key areas such as job opportunities and distribution of responsibilities. The higher you go, the fewer Tibetans," he said.

Between 70 and 80 per cent of the Tibetan population are illiterate, he added.

Continued Chinese control over Tibet should be "on condition that it doesn't mean repression any longer."

He said he had lived for several years in the United States and had served time in Chinese communist prisons and reeducation camps, but had also served in officially-allowed non-communist organisations under current Chinese senior leader Deng Xiaoping.

Sitting in his modest but spacious apartment in the center of Lhasa, the intellectual said his standard of living had more than doubled in the past 10 years, a slightly higher increase than average, and that he wanted to see Tibet allowed to continue to develop.

The opening of Tibet in 1983 represented "an historic opportunity" for this remote land of 1.2 million square kilometers (480,000 square miles) at an average altitude of almost 5,000 meters (16,500 feet), he said.

"This time, there are a good number of Tibetans who don't want to lose it," he said. The decision to virtually close the area after the October disturbances was a severe blow to his hopes for modernization.

"Since I've been educated in the West, I think development, science and technology are fundamental. Chinese communists have thrown me in jail for that. But without the opening of Tibet, modernization is impossible," he said.

But he did not advocate independence, as do many Buddhists including the Dalai Lama, the Tibetans' spiritual leader living in exile in India.

He recalled as a child in the early 1940's in a then independent Tibet seeing Buddhist monks publicly flog to death a famous highwayman.

"At that time, Tibet was a serf society. Monks were absolute rulers together with aristocrats," said the son of a poor peasant.

But "it's not easy to be a Tibetan today. Take my wife, for example. She is very religious, very conservative, and she gives so much money to the monks. I gave my money to my village so they could open a school.

"But we still like each other a lot, you know. To be a good man, you don't have to be a lama or a communist."

Yunnan Makes Efforts To Open to Outside World
HK290424 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 29 Feb 88 p 4

[By staff reporter Shen Feiyue]

[Text] Yunnan Province is trying to catch up with China's coastal areas to open wider to the outside world.

The economically underdeveloped area made a breakthrough in exports last year by hitting a record high of 260 million yuan, an increase of 56 per cent over 1986, said Vice-Governor Zhu Kui.

This means the province has met the export target set for the Seventh Five-Year Plan (1986-90) three years ahead of schedule. Yunnan is going all out to set a new record of 280 million yuan worth of exports this year, Zhu said.

"Yunnan enjoys a far less favourable geographical position and economic development than coastal and other inland areas. But it abounds in natural resources. Therefore we need more bold and preferential policies to tap out economic potential. The door of Yunnan will open wider to the outside world," Zhu said in an interview with BUSINESS WEEKLY.

The province has pinpointed several priority areas to develop its outward-oriented economy. It will set up export-oriented enterprises and production bases to push its nonferrous metals, phosphochemical, tobacco, tea and fruits to international markets. In doing so, Yunnan will introduce foreign technology and investment to update major enterprises.

Yunnan will also give priority to developing tourism, Zhu said. One of the most-travelled tourist areas in China, it boasts unique subtropical scenery and plans to further improve its facilities to attract more tourists.

In addition, the province will take more action to export labour services and contract engineering projects overseas, he said.

Located in the country's southwestern border area, Yunnan is gifted with bountiful resources of plants, animals, forests, minerals, waterpower and tourism sites.

But its weak industrial infrastructure has held back its economic development, Zhu said. Since the early '80s, Yunnan has adopted a series of measures to encourage the introduction of foreign technology and investment to promote the local economy.

In 1986, the province promulgated provisions to encourage foreign investment, allowing more preferential policies than in coastal areas. But Zhu conceded that many preferential policies have not been fully implemented for many reasons, and the province has not been bold enough in opening to the outside world.

Even so, Yunnan has made steady progress in utilizing foreign investment and technology.

The province has approved 53 co-operative agreements with foreign partners totaling more than \$109 million of foreign investment. The agreements cover setting up 22 equity or contractual joint ventures, compensation trade deals, processing of supplied materials, leasing, and foreign government and commercial loans, according to Feng Yuanlun, an official of the Provincial Bureau of Foreign Economic Relations and Trade.

Yunnan also has signed 169 contracts worth more than \$120 million with foreign companies to import technology and equipment. These projects have helped the province improve its infrastructure and introduce innovations in its metallurgical, chemical, machine-building, electronics, building materials and light industries.

Recently, Yunnan sealed eight agreements with foreign companies to import equipment for producing cigarette paper and packaging materials and to set up a guesthouse. These involved more than \$7 million in foreign loans, Feng said.

Vice-Governor Zhu Kui said the provincial government would work out an overall scheme to introduce foreign technology and investment to update local enterprises and open natural resources. He called on the central government to allow the province the same autonomy on exports and preferential treatment in co-operating with foreign partners as the coastal areas have.

"The provincial government will take measures to improve the local environment for foreign investment. The local infrastructure and telecommunications will be updated, and the preference given to foreign investors will be guaranteed," Zhu said.

North Region

Beijing Launches Citywide Hepatitis Inspection
OW270118 Beijing XINHUA in English 0800 GMT
26 Feb 88

[Text] Beijing, February 26 (XINHUA)—In Beijing, 220 National People's Congress delegates are now busy with a 15-day, citywide inspection.

Yesterday the delegates started the inspection process, which will include visits to nearly 100 factories, villages, government departments, schools, research institutes, construction sites and recreational facilities.

When they embarked on their task yesterday, Vice-Mayor Zhang Jianmin told the delegates the municipal government is taking steps to prevent the spread of hepatitis in the capital, a disease now rampant in Shanghai.

The city has been divided into 18 sections according to the distribution of districts and counties, Zhang explained, to collect accurate information on outbreaks of the disease in Beijing.

The vice-mayor also talked about the municipal government's achievements, failures and future plans.

The inspection team is made up of delegates to the Sixth National People's Congress and newly-elected delegates to the Seventh National People's Congress, which will convene March 25th.

The delegates have volunteered to work in groups which will focus on politics and laws, finance and economy, urban construction, literature, education and public health, and science and technology.

Tianjin Seeks Feedback From Joint Ventures
OW270835 Beijing XINHUA in English 1030 GMT
26 Feb 88

[Text] Tianjin, February 26 (XINHUA)—The Tianjin foreign investors' service center has solicited the opinions of 112 Sino-foreign joint ventures here since mid-January, a center official said.

The center officials solved some problems for the ventures shortly after they heard their complaints and are urging government offices to solve the rest promptly.

The center will invite Chinese and foreign managers of the ventures every six months to discuss their ideas with the heads of various government departments.

Meanwhile, Tianjin municipal industrial departments will regularly contact joint ventures, offer them services, and help them solve problems, the center official said.

About a quarter of the joint ventures in Tianjin are being run at a loss. Mismanagement is the main cause of losses in some ventures.

The Tianjin Municipal Government has called on joint ventures to try to eliminate losses within this year with the help of government offices.

Taiwan Invited To Attend University Games
HK290140 Beijing CHINA DAILY in English 29 Feb 88 p 3

[By a staff reporter]

[Excerpt] Taiwan athletes have been invited to participate in the Third National University Games, to be held in Nanjing from August 26 to 30.

On Friday the Beijing-based Chinese College Students Sports Association (CCSSA) sent a message to the College Sports Association in Taipei offering to pay all transportation and living expenses incurred by the Taiwan sports delegation during its stay on the mainland.

The Taiwan athletes, who did not participate in the games held in Beijing and Dalian in 1982 and 1986, are expected to attend this time. "This is because the atmosphere between the two sides of the Taiwan Straits has been greatly improved," said Zhu Fengcheng, Deputy Secretary General of the CCSSA.

"We sincerely hope athletes from Taiwan will come this time either to compete in the games or as guests, especially now that more people from Taiwan are coming for family reunions on the mainland after four decades of separation," Zhu said.

"It will be most delightful for Chinese athletes from both sides of the Taiwan Straits to compete in their homeland at Nanjing—a scenic and historic capital of ancient China—after their many encounters with each other at other sports events abroad," he added.

More than 2,000 students from across China will take part in the Third National University Games this August, which will include track and field and gymnastics events as well as basketball, volleyball and table tennis. Students from professional sports institutes will compete separately from others, Zhu said.

China recently completed a nationwide physical survey of college, middle-school and primary-school students, he announced.

The survey of nearly 1 million students covered the physical and health characteristics of young people of 28 nationalities. "Regrettably, the voluminous report to be published this summer by the People's Education Press does not include students on Taiwan," he said.

"We hope the Taiwan authorities will cooperate with us to complete this work, which is very important to the future development of the Chinese nation as a whole." [passage omitted]

Qiao Shi, Yan Mingfu at Taiwan Compatriots Congress
OW271735 Beijing XINHUA in English 1605 GMT 27 Feb 88

[Text] Beijing, February 27 (XINHUA)—The third national Taiwan compatriots' congress opened here today.

Qiao Shi, Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee, and Yan Mingfu, member of the Secretariat, were present at the opening ceremony.

Yan highly praised the achievements done by the All-China Federation of Taiwan Compatriots over the past six years since its founding, adding: "The federation has helped bridge links between the Communist Party and the government, and Taiwan compatriots."

He said the policy for the peaceful reunification of the motherland is clear and consistent. "In striving to solve the Taiwan issue peacefully, we place hopes on the Taiwan authorities, and still more on Taiwan people. The patriotic people residing in Taiwan long for reunification and are against the state of division. We wish to discuss state affairs with people of all walks of life in Taiwan."

In a work report delivered on behalf of the Second Council of the All-China Federation of Taiwan Compatriots, Lin Liyun, chairman of the federation, called on members of the federation to make positive contributions to ending the division of the country and realizing the peaceful reunification of the motherland.

Altogether 256 delegates from 29 provinces, autonomous regions and municipalities are attending the seven-day congress which is expected to examine the work report, revise and approve the constitution of the federation and elect members of the third council.

Yu Meets With ROK's No Tae-u in Seoul 26 Feb
OW271025 Taipei CNA in English 1035 GMT
26 Feb 88

[Text] Seoul, Feb. 26 (CNA)—Premier Yu Kuo-hua paid a courtesy call on Korean President No Tae-u Friday [26 February] and exchanged views with him on matters of mutual concern.

Welcoming Premier Yu and his three-member entourage, No expressed his thanks for the late President Chiang Ching-kuo's congratulatory message to him when he was elected last December 1.

No, who was sworn in Thursday, then expressed condolences over the death of the late Chinese leader on January 13 this year.

Premier Yu, besides congratulating No on his new job, expressed the hope that as both countries develop their democracies, wider areas for cooperation between them can be developed.

During the visit, Yu was accompanied by Foreign Minister Ding Mou-shih, Chairman Kuo Chen-fu of the Chinese National Association of Commerce and Industries, and Ambassador Tsuo Chien.

On the Korean side were Foreign Minister Choe Kwang-su, chief presidential secretary Hong Song-yul, and a foreign affairs secretary in the Presidential Secretariat.

Says No Trade With N. Korea, USSR
SK261257 Seoul YONHAP in English 1252 GMT
26 Feb 88

[Text] Seoul, Feb. 26 (YONHAP)—Taiwanese Prime Minister Yu Kuo-hua said here Friday that Taiwan will not get involved in any form of trade with North Korea despite its recent approval of direct trade with East European communist nations.

In a press conference at the end of his four-day visit here to attend the inauguration ceremony of President No Tae-u, Yu said that the Soviet Union and Albania were also excluded from the list of the communist nations that his government allowed private enterprises to trade [with] directly.

Yu said, however, Taiwan will continue to strengthen its ties with South Korea adding the promotion of bilateral relations between the two countries will contribute to the stability and prosperity of the region.

Vice Premier Cited on Hong Kong-Mainland Trade
HK270721 Hong Kong SOUTH CHINA MORNING POST (SATURDAY REVIEW) in English 27 Feb 88 p 3

[By Terry Cheng in Taipei]

[Text] Taiwan continues to look at Hong Kong as an important entrepot for trade with mainland China even though it has rejected China's three communications between the two sides.

This was the message given by a senior Taiwan official in an exclusive interview with the SOUTH CHINA MORNING [SCM] POST.

The Taipei government has persistently rejected the mainland's offer of direct mail, direct trade and direct transport. However, even though the Taipei government has rejected the offer, indirect trade, through means outside Taiwan's control, has continued for some years.

Use of Hong Kong as an entrepot with mainland China was indirectly confirmed by Taiwan's vice-premier and head of the Group on Hong Kong and Macao Affairs under the Executive Yuan (the Cabinet), Taiwan-born Mr Lien Chan.

In an interview shortly after Monday's press conference by President Li Teng-hui, Mr Lien told the SCM POST that the nationalist government had been closely following developments in Hong Kong.

The nationalists, Mr Lien said, had no plans to use other places such as Singapore to replace Hong Kong as an entrepot with mainland China. As to Taipei's policy towards Hong Kong in the run-up to 1997, Mr Lien said his government was still studying its policy towards Hong Kong after 1997. While agreeing there was an increase in Taiwan's investment in Hong Kong in recent months, Mr Lien said this was the result of his government's policy of economic internationalisation.

The vice-premier would not be drawn into comment on Hong Kong's local politics other than to say its democracy had been limited with the introduction of only 10 directly-elected members to its legislature in 1991.

A few hours earlier, President Li said the Nationalist government was studying Taiwan's ties with Hong Kong after 1997 and how Taiwan would benefit from Hong Kong because of 1997.

"We are still uncertain to what extent the Hong Kong people will move to Taiwan," he said.

Economic Minister Cited on Easing Imports From PRC
OW290939 Taipei International Service in English 0200 GMT 29 Feb 88

[Text] Economic Minister Li Ta-hai said: The nation plans to further relax restrictions on indirect imports of industrial and agricultural raw materials from Mainland China. The minister made the remark over the weekend that the Board of Foreign Trade is revising regulations concerning indirect trade with the mainland to allow manufacturers to obtain inexpensive raw materials more conveniently and to help boost competitiveness of local goods. He said: Allowing indirect trade with the mainland does not violate the government's three-no's policy of no contact, no compromise, and no negotiation with Peking. Nevertheless, Li warned manufacturers against placing too much expectation on the cheap supply of mainland materials which, he said, would eventually sell at international market prices.

Currently only 27 mainland items, mostly herb medicines, are permitted to be shipped here through a third country. The government's decision to further relax indirect trade restrictions was made in response to trade analysts' repeated calls for greater flexibility in indirect trade between the two sides of the Taiwan Strait. Li said: The government has not and will not interfere in exports to the mainland on the condition that local products are sold to the mainland through a third party.

Trade Officials Urge Trade With Socialist Nations
OW280531 Taipei CHINA POST in English 23 Feb 88 p 12

[Text] ROC [Republic of China] trade officials are urging the government to relax bans on trade with socialist countries.

In a draft of the "Five-Year Plan for Diversifying Markets and Increasing Imports," the Bureau of Foreign Trade (BOFT) and China External Trade Development Council (CETRA) suggest that authorities lift restrictions on direct trade with all socialist countries as long as the liberalization does not violate the national policy of anti-communism.

The BOFT and the CETRA said they have been asked by trade associations and business leaders to make the proposal to the government and to gather information on socialist markets.

The ROC allows direct trade with seven socialist nations: East Germany, Czechoslovakia, Bulgaria, Yugoslavia, Poland, Hungary, and Romania.

While banning trade with Mainland China and North Korea, the ROC permits businessmen to export goods to Cuba and Cambodia and to conduct indirect trade with the Soviet Union and Albania. Exports to Vietnam and Laos must be approved on a case-by-case basis.

Cabinet Recommends Agriculture, Labor Ministries
OW270535 Taipei CNA in English 0307 GMT 27 Feb 88

[Text] Taipei, Feb. 27 (CNA)—The Republic of China Cabinet may have two additional ministries—agriculture and labor ministries—in the near future.

A cabinet panel responsible for revising the organization law of the Executive Yuan decided Friday that the two additional ministries should be added to better meet actual needs.

As to whether the Council for Cultural Planning and Development should be upgraded to a culture ministry and the National Health Administration to a health and welfare ministry, the panel said that a final decision should be left to the Executive Yuan.

The panel also decided that the seven departments under the Executive Yuan's secretariat should be given legal status and an additional liaison department should be established to take the responsibility for communications with the nation's three central parliamentary organizations.

Uranium Fuel Supply Sufficient Thru 1990
OW290321 Taipei CNA in English 0249 GMT 29 Feb 88

[Text] Taipei, Feb. 29 (CNA)—The Taiwan Power Company [Taipower] indicated Sunday that it will have enough uranium fuel for its nuclear power generation plants to last until the end of 1990 as most of its uranium purchases are based on long-term contracts.

Nuclear power generation has become more and more important in recent years. In 1987, about half of the Republic of China's electricity was generated by nuclear power plants, the Taipower said.

To maintain the normal operations at its nuclear power plants, Taipower said it obtains 70 percent of its uranium fuel through long-term contracts, with the remaining 30 percent coming through joint uranium exploration ventures in foreign countries.

Contracted uranium supplies will meet needs until 1991 but supplies for the following 10 years are still 80 percent short. Taipower is actively seeking long-term suppliers from Britain, the United States and France.

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